Using Analytical Charts and Tables

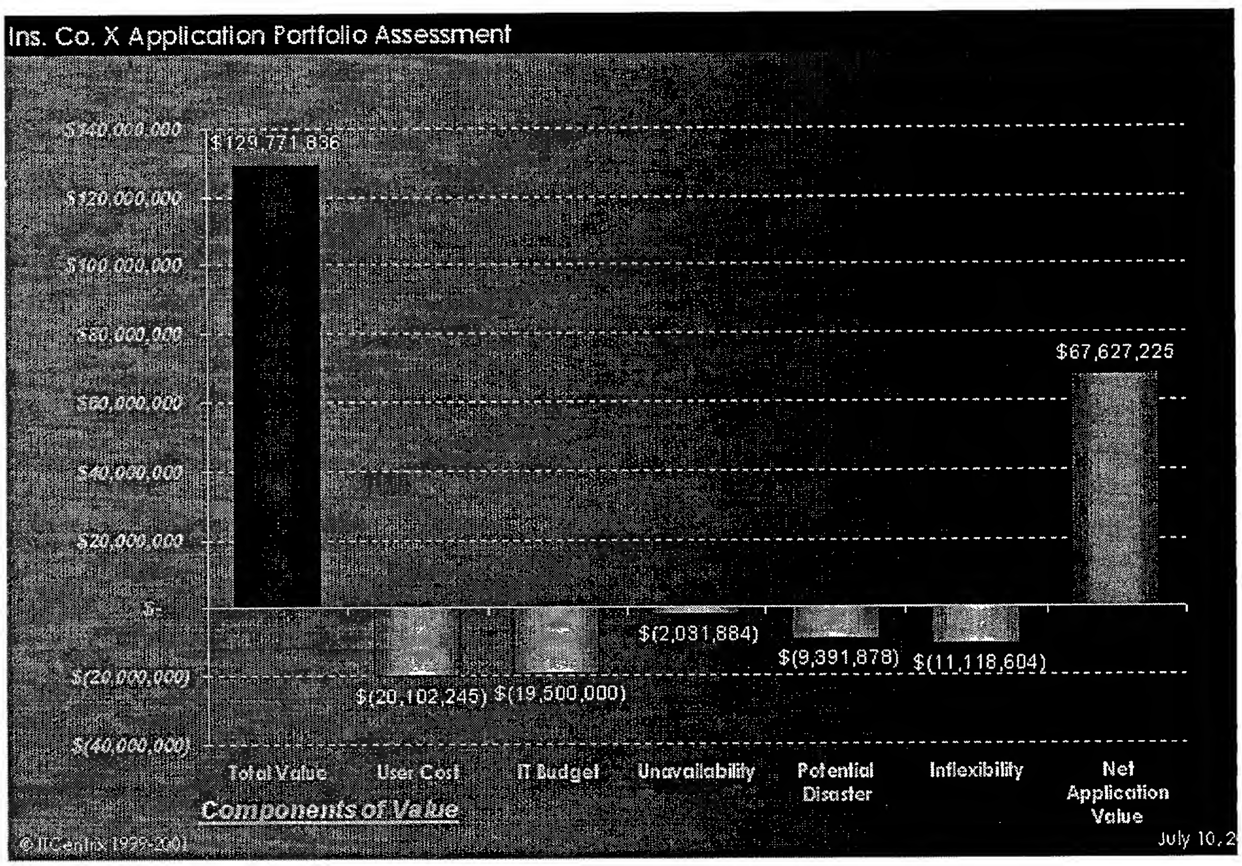
In this section, we will review each exhibit with a discussion of analysis and key points. There are often multiple views of the same information. For example, you can review the net value of each application by FTE, by department, by costs as well as on a dollar and percentage basis. Use them in concert to highlight and explore key results for your company. Some views may better illustrate or identify specific metrics and opportunities important to your company.

Overall Value Group

These exhibits give a high level summary of results. Consult them first for an overall view of your whole portfolio.

Overall Value

Figure 1 – Overall Value



The total application value that an IT department provides an organization is only part of the value story. ITCentrix methodology eliminates all associated costs of operating the application from the total value to give a Net Application Value figure.

In this analysis, there are five main costs associated with applications:

- **User Cost:** This is the cost to the organization to have users working on the applications. This is calculated by multiplying the number of active concurrent users by their total compensation. ITCentrix estimates that the time users spend on applications comes at a cost of more than $20million dollars to the business in this example.

- **IT Budget:** This number is the cost to the organization of supporting the IT department. For this sample company, this number is $19.5M.

- **Unavailability:** Downtime of systems represents hundreds of millions of dollars in lost revenues to US companies. Based on ITCentrix methodologies and feedback on the availability of various applications, we estimate the cost of downtime to the sample company is just over $2million dollars annually.

- **Potential Disaster:** Included as a net cost to any company's IT value is the exposure of a low probability disaster event. This calculation takes into account the impact to various applications of an extended systems outage, and the corresponding probability of the event. The sample company's exposure on an annual basis is estimated at over $9 million.

- **Inflexibility:** Inflexibility is the opportunity cost of implementing a change to an application to meet a business need. This cost is the loss associated with the spend on maintaining the value of installed applications at the expense of adding corporate value elsewhere with these resources. In this example, inflexibility costs around $11million per year.

First compare the ratio of Net Application Value to Total Value. The higher the ratio, the better the results as you are getting more value for your IT investment.

Next, compare the IT Budget to the User Cost. Typically the ratio of these figures are 1 to 1.5, meaning that most companies spend about as much on IT as they do on user employees. If your ratio is substantially different, how does it align with the key goals of the IT department and your company overall?

Take a look at Unavailability and Potential Disaster. Are these high or low relative to the IT Budget? Some companies elect to trade off higher IT Costs for more automation and recovery capability, minimizing Unavailability and Disaster risks. Others elect less automation and lower IT budgets and deal with interruptions in service as they occur. What trade off is your company operating with?

Finally, take a look at Inflexibility. If this cost is high relative to the others, you may spend much of your time on existing products, leaving little capacity to respond rapidly to changes in the business. If it's low, your company is placing emphasis on the ability to change systems rapidly. Is the emphasis where you expected?

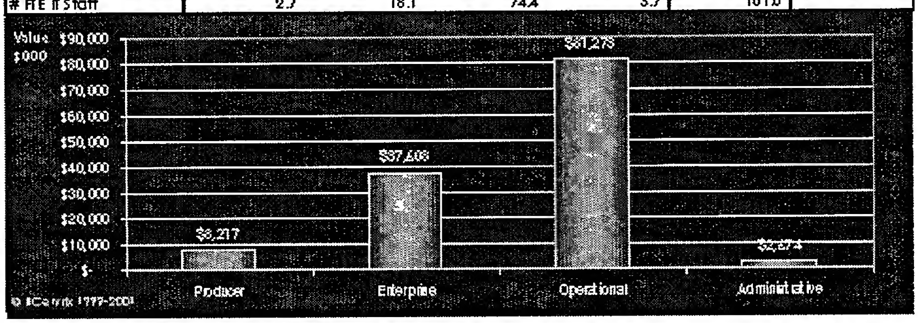
With all this in mind, how does your Net Application Value look? Do your IT priorities reflect in where you spend your resources?

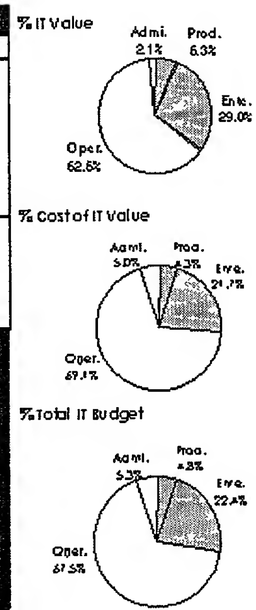
Overall Summary

Figure 2 – Overall Summary

Ins. Co. X Application Portfolio Summary July 10, 2001

Application	Producer	Enterprise	Operational	Administative	Total	% Revenue
Total Value ($000)	$ 8,217	$ 37,608	$ 81,273	$ 2,674	$ 129,772	21.6%
% IT Value	6%	29%	63%	2%	100%	
Costs of Value ($000)	$ 2,677	$ 13,458	$ 42,927	$ 3,083	$ 62,145	10.4%
% Costs of Value	4%	22%	69%	5%	100%	
Net Value ($000)	$ 5,540	$ 24,150	$ 38,346	$ (409)	$ 67,627	11.3%
% Net Value	8%	36%	57%	-1%	100%	
Return on Value	3.1	2.8	1.9	0.9	2.1	
Total IT Budget ($000)	$ 928	$ 4,372	$ 13,168	$ 1,032	$ 19,500	3.3%
% Total IT Budget	5%	22%	68%	5%	100%	
Return on IT Budget	8.9	8.6	6.2	2.6	6.7	
# Active Users	17	108	229	10	364	
# FTE IT Staff	2.7	18.1	74.4	5.7	101.0	





This table quantifies the value of the IT portfolio.

The data are categorized under four main types of applications:

- **Producer** – customer facing systems.
- **Enterprise** – company wide applications.
- **Operational** – tactical applications specific to particular departments or company functions.
- **Administrative** – applications built to support general administrative functions such as payroll and human resources.

First, take a look at the chart at the bottom of the page to see which applications provide the most value to the company. Typically, producer, enterprise or operational systems provide the best value to the company as they address the necessary functions to do business. In the exhibit above, operational applications (63% of IT value), clearly provide the greatest value.

Often and rightly, administrative applications contribute the least value to the company. Although you need to do administrative functions correctly, state of the art systems make significantly less impact on the company bottom line than other types of business-focused systems.

Next, take a look at the pie charts to the right of the exhibit, comparing IT budget distribution to IT value. If the pie slices of the lower two charts are roughly the same as the top chart of IT value, your company is aligning resources well with business goals. If the charts are significantly different, you may want to examine resource and budget allocation to get the biggest benefit relative to the value of your IT department.

Finally, take a look at the numbers in the table. Compare Net Application Value to Total Application Value. The higher the ratio is, the better your results. Compare the Total IT Budget to the percent of revenue. Typically, the percentage is 4-5% for most companies. How does your company compare? How do your costs compare to revenues? The lower the number, the better the results.

Application Descriptions

Figure 3 –Application Descriptions

Ins. Co. X Application Description & Characteristics — July 10, 2001 © ITCentrix 1999-2001

	Description	Classification	Rate of Change	Platform	Maintenance Staff	% New AD Staff	In-Flexibility ($000)
Claims	Handles Insurance Claims	Operational	Medium	S390	8.2%	2.7%	$ 907.8
Cust Dbase	Location Processing System Locations of Policies and Equipment	Operational	High	S390	2.5%	11.2%	$ 283.5
Workflow	Work Management System. Handles scheduling for Engineers to perform their services	Operational	High	NT	5.0%		$ 559.9
Int'l Customers	Reinsurance Processing System. Batch application for 150 client companies to enter contracts and locations	Operational	Medium	S390	7.6%		$ 846.6
Quote	Preliminary quoting and rate system	Operational	High	NT	4.1%		$ 463.7
Policy Admin	Policy entry and processing system	Operational	High	NT	6.9%	23.4%	$ 771.1
HR	Human Resources Application outsourced to ADP	Administrative	Low	NT	6.9%		$ 766.6
Payroll	Payroll system outsourced to ADP	Administrative	Low	NT	0.8%		$ 84.3
Repository	Repository installed to create consistent reports for executive decision making	Enterprise	Low	S390	11.7%		$ 1,301.6
Agency System	Account management system for special risks large policies	Operational	Low	NT	2.9%		$ 326.1
Financials	Financial application for Commercial Insurance Policies/Claims: GL, AP, Assets, Purchasing, Budgeting	Administrative	Low	NT	4.1%	8.7%	$ 456.6
Consulting Svcs	Contract management system for Engineering Services Group	Operational	Medium	NT	7.8%	11.8%	$ 868.1
Email/Collab	Email & Collaborative Applications	Enterprise	Low	NT	2.4%		$ 270.0
Print	Print Application for Policies and Claims	Enterprise	Medium	NT	0.1%	13.3%	$ 16.1
Internet	Client management system	Producer	Medium	NT	1.0%		$ 113.2
Exec Decision	Executive Information System	Enterprise	Low	S390	0.0%		$ 2.0
Policy Tracking	Formats and presents subsets of alpha information. This is similar to the EIS system, but at a lower level - more operational info than executive.	Enterprise	Low	S390	0.4%		$ 47.6
Data Entry	Data Entry for Access Group and Select Agents	Producer	Medium	NT	3.4%		$ 382.4
All Others	Distributed Systems and Internet Application Development	Operational	High	NT	23.9%	29.0%	$ 2,661.5

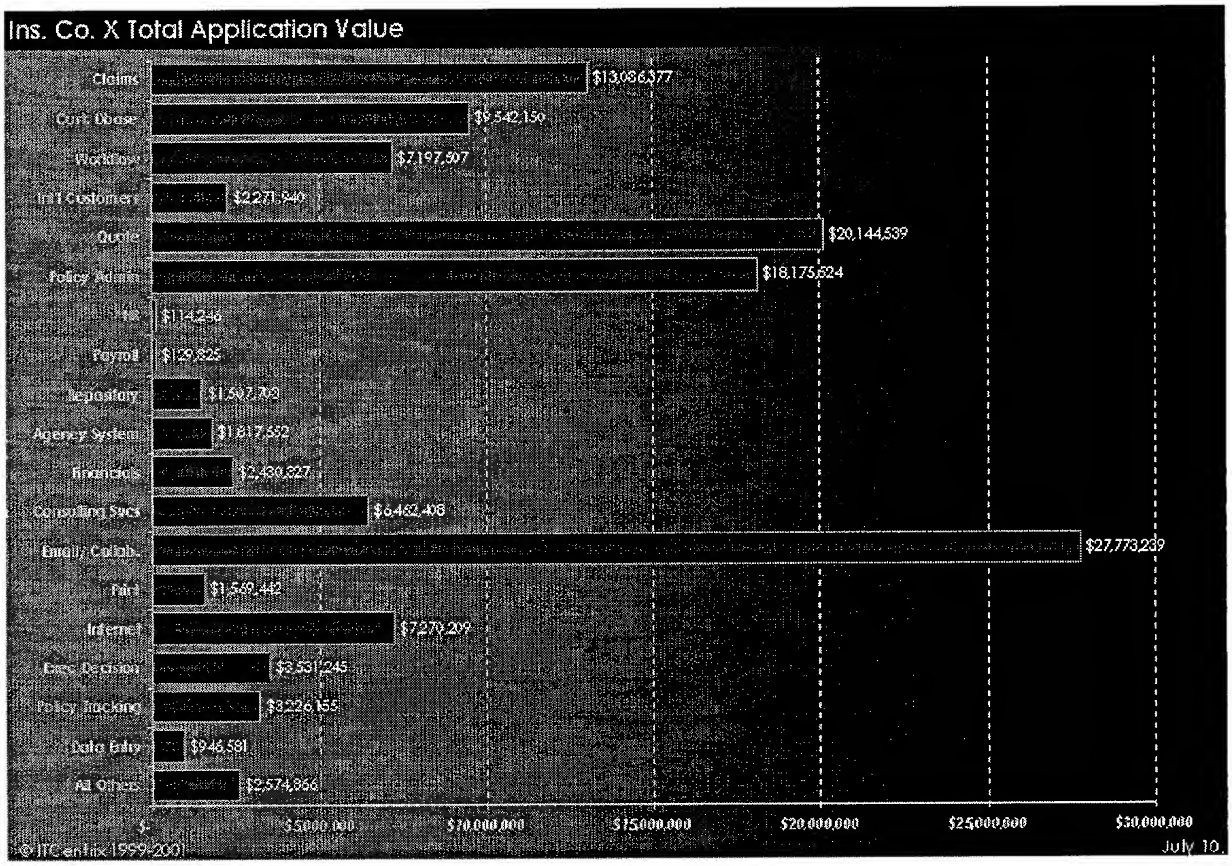
This exhibit describes each application, then summarizes the expected rate of change against the cost/difficulty of the change. Based on your input, the model calculates the cost of inflexibility as a component of application net value. Use this figure to align maintenance and development staffing with the most rapidly changing and, therefore, potentially liable application in your portfolio.

Value by Application Group

These exhibits explore the results of each specific application. Use them to drill down on application level influences in your portfolio.

Value by Application

Figure 4 – Value by Application



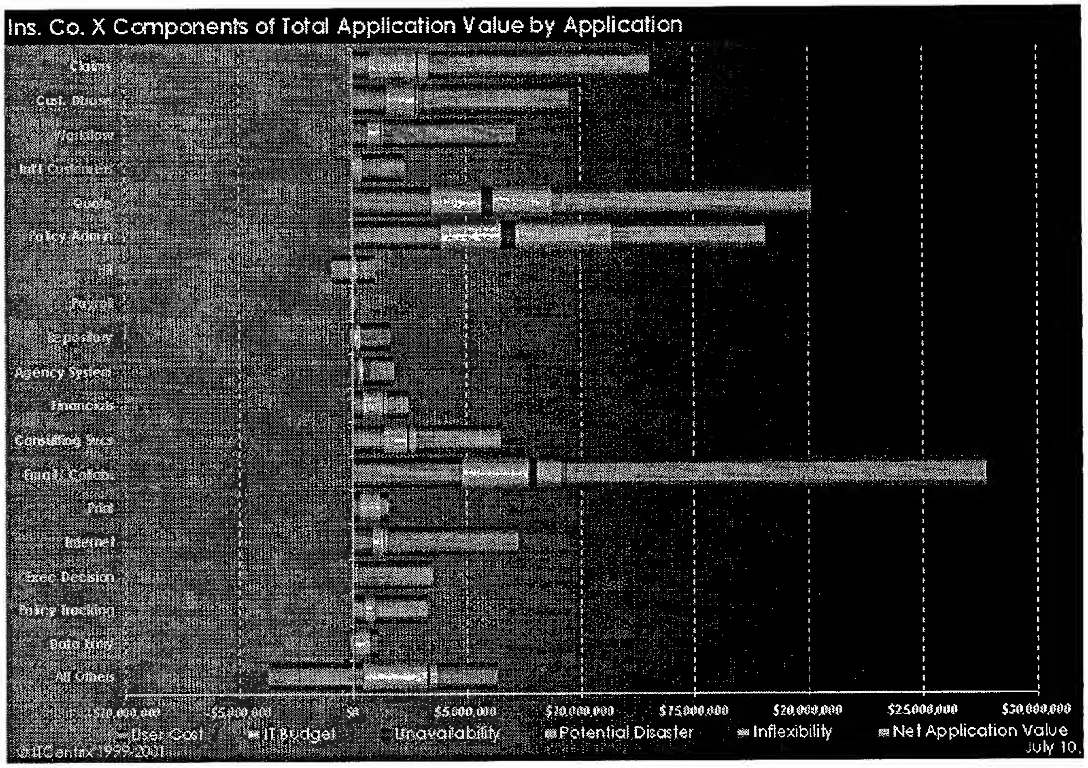
This exhibit gives a visual display of two of the tables, Value Summary and Components of Net Value, representing the total application value by application. Immediately, you can see a few very high value applications, such as email in this sample client. Likewise, there area some applications that show little value to the company, such as HR and Payroll in this example.

Typically, we see the highest application value in executive decision making, Sales, Marketing, and strategic applications. Human Resources, Payroll and clerical systems typically have low values. Applications under development generally have lower values than those in production.

Look at the result of your company's model. Are the relative values of your applications as you expected?

Value Components by Application

Figure 5 – Value Components by Application ($)



These charts take each application from Total to Net Application Value. The overall bar length is the Total Application Value represented in the previous chart. Green represents User Cost. Yellow represents the component of the IT Budget (staff, hardware, and software) assigned to each application. Red represents expected losses due to Unavailability. Pink represents losses associated with Potential Disaster outages. Blue grey represents the maintenance costs associated with each application.

Look at Net Application Value to measure the impact of specific applications on the business. High total value with high costs and liabilities may not have as much impact as smaller total value with limited costs and liabilities.

Are there any applications with negative Net Application Values? If these applications are bottom line oriented, you should focus on cost savings when assessing their Net Value to the organization. If they are new applications currently in development, how long will it be before they start adding value to the company? What are the break even dates?

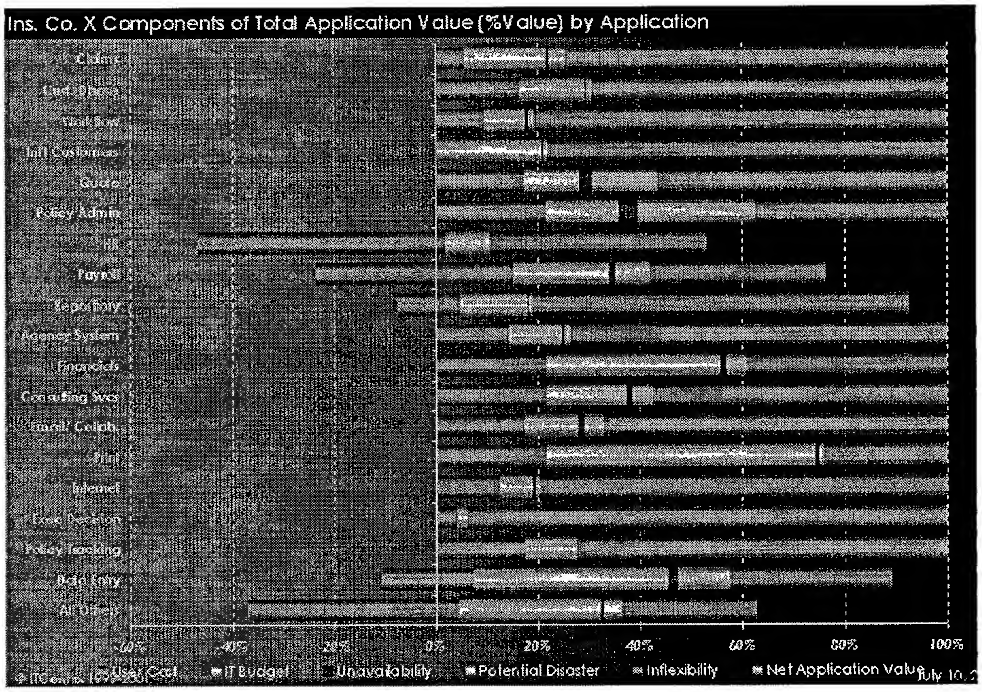
Are there any with unusually high User Costs? High User Costs generally correspond to systems with many users (operational or enterprise applications) or high cost users (decision making applications).

Are there applications with large Unavailability Costs? Are there applications with large liabilities associated with potential disasters? These costs are often strongly linked to

application platform as illustrated in the chart "Value by Platform." Do you have effective back up, recovery and interruption procedures in place?

Are there applications with large costs due to inflexibility? Typically high inflexibility is associated with large, complex legacy applications. Is that the case in your company?

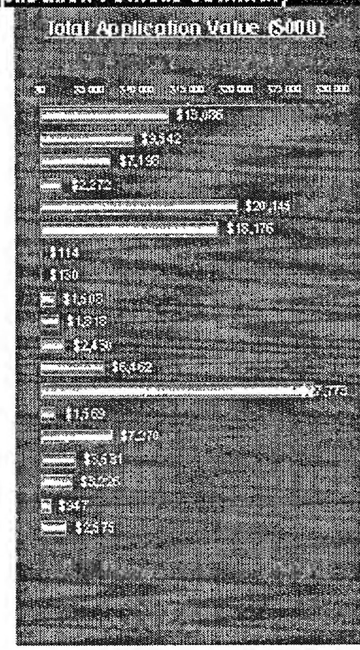
Figure 6 – Value Components by Application (%)



Value Summary

Figure 7 – Value Summary

Ins. Co. X Application Portfolio Summary — July 10, 2001 © ITCentrix 1999-200[illegible]



	Value				IT Budget		Users		
	Total Value ($000)	Net Value ($000)	Value Margin	Value Multiplier	Total IT Budget ($000)	FTE IT Staff	Total Users	Active Users	% Active
Claims	$13,086	$8,834	68%	15.0	$ 2,085	6.2	105	13	12.0%
Cust. Dbase	$9,542	$6,345	66%	7.0	$ 1,216	5.5	600	30	5.0%
Workflow	$7,198	$5,252	73%	9.0	$ 577	3.2	400	13	3.3%
Int'l Customers	$2,272	$922	41%	5.0	$ 474	3.3	0		0.0%
Quote	$20,145	$10,821	54%	5.0	$ 2,209	6.9	500	67	13.3%
Policy Admin	$18,176	$5,987	33%	4.0	$ 2,587	12.8	300	75	25.0%
HR	$114	-$843	-738%	3.0	$ 156	1.8	20	1	3.3%
Payroll	$130	-$58	-45%	3.0	$ 46	0.3	3	1	25.0%
Repository	$1,508	-$131	-9%	15.0	$ 231	3.1	20	1	6.7%
Agency System	$1,818	$1,014	56%	6.0	$ 186	1.3	35	4	10.0%
Financials	$2,430	$493	20%	4.0	$ 830	3.6	75	9	11.7%
Consulting Svcs	$6,462	$2,841	44%	4.0	$ 1,022	7.2	400	20	5.0%
Email/ Collab.	$27,773	$18,337	66%	5.0	$ 2,929	7.4	1683	88	5.2%
Print	$1,569	$362	23%	4.0	$ 627	6.5	400	7	1.7%
Internet	$7,270	$5,672	78%	7.0	$ 469	1.6	300	15	5.0%
Exec Decision	$3,531	$3,309	94%	20.0	$ 53	0.1	100	2	1.7%
Policy Tracking	$3,226	$2,274	70%	5.0	$ 333	1.0	213	11	5.0%
Data Entry	$947	-$132	-14%	9.0	$ 459	1.1	7	2	21.7%
All Others	$2,575	-$3,740	-145%	5.0	$ 2,811	29.2	85	9	10.0%
Total	$129,272	$67,627	52%	5.6	$19,500	101.0	1683	364	21.6%

This table summarizes the key inputs to the Portfolio Model for each application including IT budget and user statistics, then transitions from Total to Net Application Value.

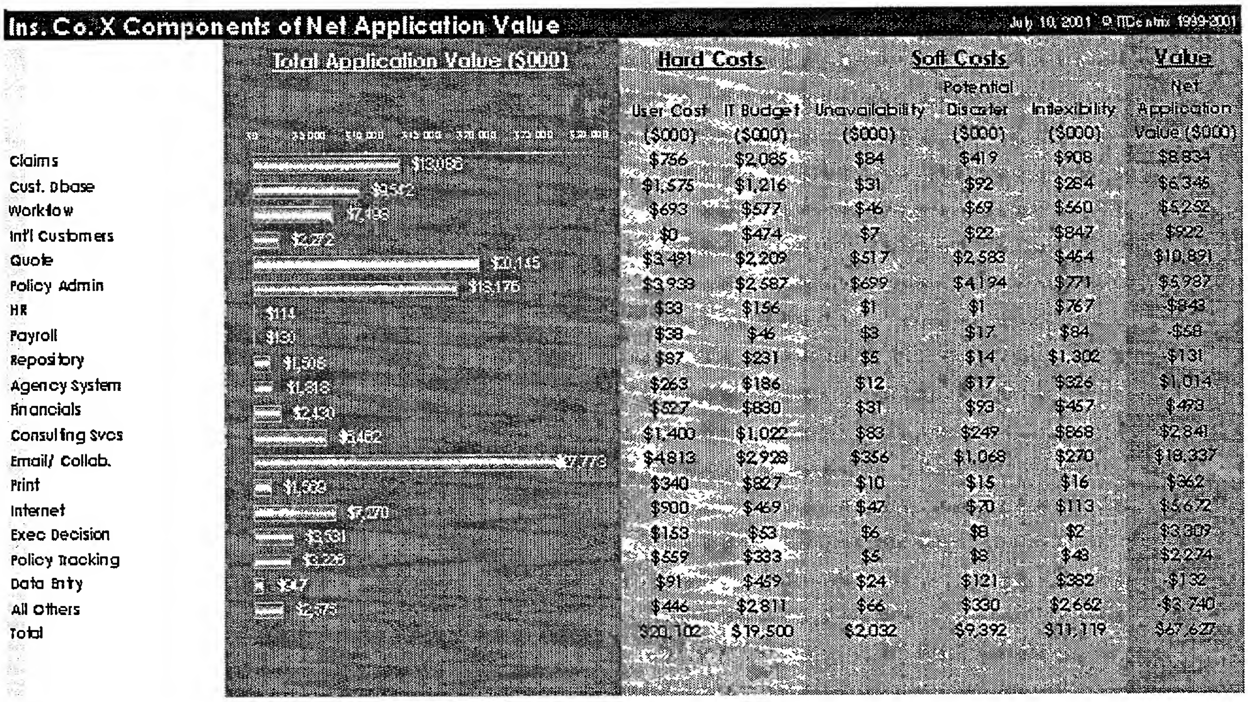
Total and Net Application Value are also compared. Note the change in the Value Multiplier across the various applications. Those with the greatest uplift have a strong association with executive decision making or customers. Applications with less affinity to revenue producing activities are more closely associated with their Base Application Value (and thus lower Value Multipliers).

Over time, as these assumptions change, you will be able to manipulate the inputs to the model and track the change in application value as you alter your IT investment. It is the ongoing nature of the application portfolio model that sets it apart from traditional point in time measures such as TCO and ROI.

Typically, decision making and strategic systems have the highest Application Value because they provide the information to make key business decisions. Human resource, payroll and billing systems typically have low application values because, while you need to do these functions competently, you don't need to have the most high powered application available to perform these functions. Does high application value correspond to key, business focused, strategic systems for your company?

Components of Net Value

Figure 8 – Components of Net Value



	Total Application Value ($000)	Hard Costs: User Cost ($000)	Hard Costs: IT Budget ($000)	Soft Costs: Unavailability ($000)	Soft Costs: Potential Disaster ($000)	Soft Costs: Inflexibility ($000)	Value: Net Application Value ($000)
Claims	$13,086	$756	$2,085	$84	$419	$908	$8,834
Cust. Dbase	$9,542	$1,575	$1,216	$31	$92	$284	$6,346
Workflow	$7,493	$693	$577	$46	$69	$560	$5,252
Int'l Customers	$2,272	$0	$474	$7	$22	$847	$922
Quote	$20,145	$3,491	$2,209	$517	$2,583	$464	$10,891
Policy Admin	$18,176	$3,933	$2,587	$699	$4,194	$771	$5,987
HR	$114	$33	$156	$1	$1	$767	-$843
Payroll	$131	$38	$46	$3	$17	$84	-$58
Repository	$1,506	$87	$231	$5	$14	$1,302	-$131
Agency System	$1,818	$263	$186	$12	$17	$326	$1,014
Financials	$2,430	$527	$830	$31	$93	$457	$493
Consulting Svcs	$5,462	$1,400	$1,022	$83	$249	$868	$2,841
Email/ Collab.	$27,773	$4813	$2,928	$356	$1,068	$270	$18,337
Print	$1,523	$340	$827	$10	$15	$16	$362
Internet	$7,270	$900	$469	$47	$70	$113	$5,672
Exec Decision	$3,531	$153	$53	$6	$8	$2	$3,309
Policy Tracking	$3,225	$559	$333	$5	$8	$43	$2,274
Data Entry	$347	$91	$459	$24	$121	$382	-$132
All Others	$2,575	$446	$2,811	$66	$330	$2,662	-$3,740
Total		$20,102	$19,500	$2,032	$9,392	$11,119	$67,627

This exhibit breaks out specific components of cost by application as a comparison to IT Value.

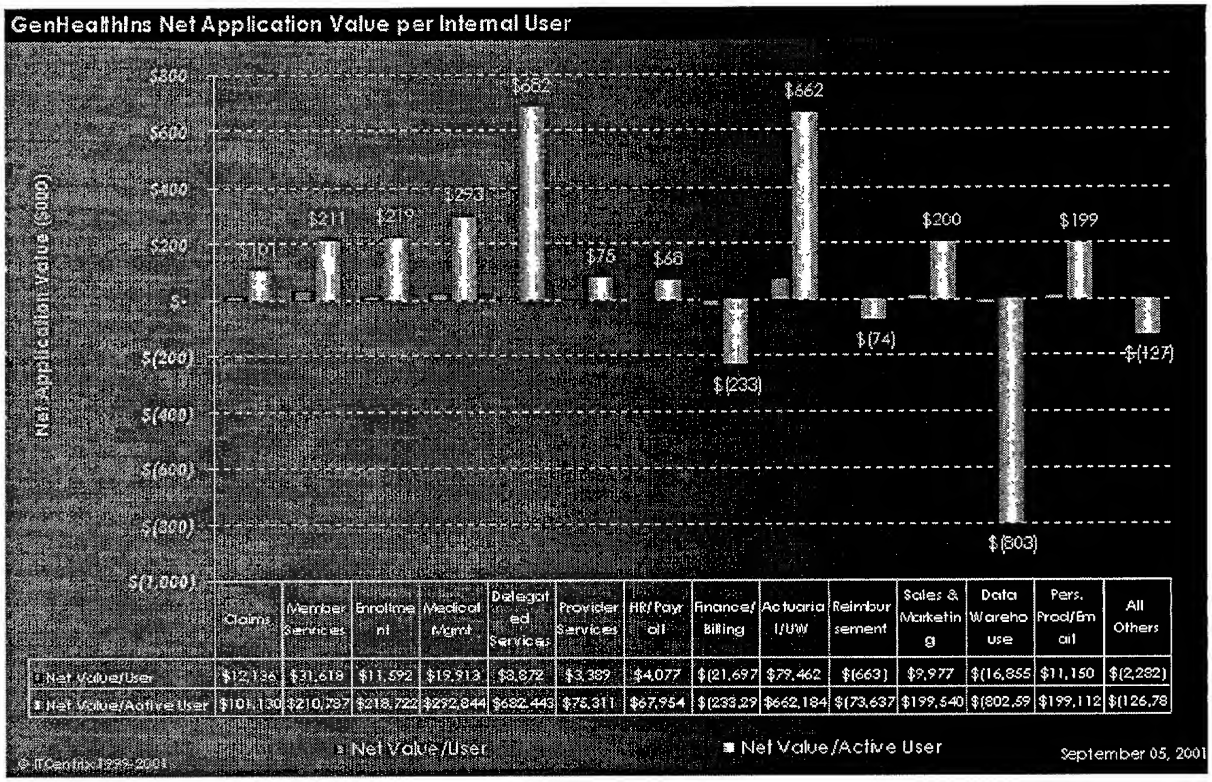
Hard costs are reflected in your business and IT budget. User costs reflect the fully loaded costs of full time equivalent employees. The IT Budget includes hardware, software and the fully loaded cost of IT personnel.

Soft costs are calculated based the impact to the business of system disruptions. Examine the overall and application specific impacts of unavailability and disasters. Compare these results to the chart "Disaster Recovery Expenditures." Is your liability in line with the precautions you're taking? Inflexibility reflects the costs associated with maintaining your system. If inflexibility is high, you will have to spend more time, money and resources to change the application when the business changes. Is there a high inflexibility cost associated with systems you know must undergo rapid or extensive change in the foreseeable future?

The final column displays the Net Value of each application. Do any of the applications have negative net values? That means that they cost more to create, maintain and operate than they add to the business. Can you minimize the resources you spend on them? Do they need to be prioritized for enhancement or redesign that will better serve the business? Note, though, that it is common to see applications in the development phase having negative Net Application Values because they haven't yet moved to full production. You should expect to see the Application Value significantly increasing in future analyses.

Net Value per Internal User

Figure 9 - Net Value per Internal User



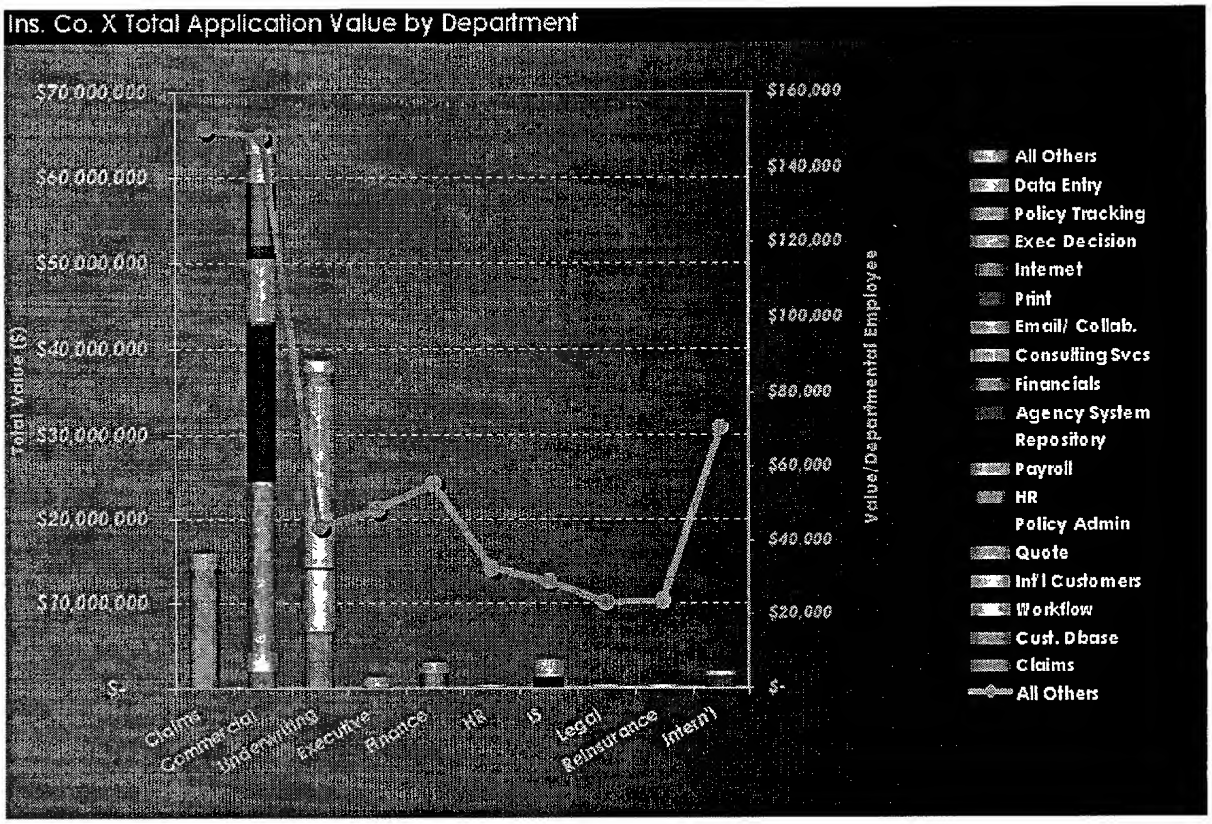
This chart visually displays the relationship of Net Application Value per User and per Active User from the "Value Summary" table.

Value by Department Group

These exhibits focus in on IT's contribution to value attributed to each end user department.

Application Value by Department

Figure 10 –Application Value by Department



This chart demonstrates the value that applications and, consequently, the IT Department, provides to individual departments within the organization, both as total quantities and on a per user basis.

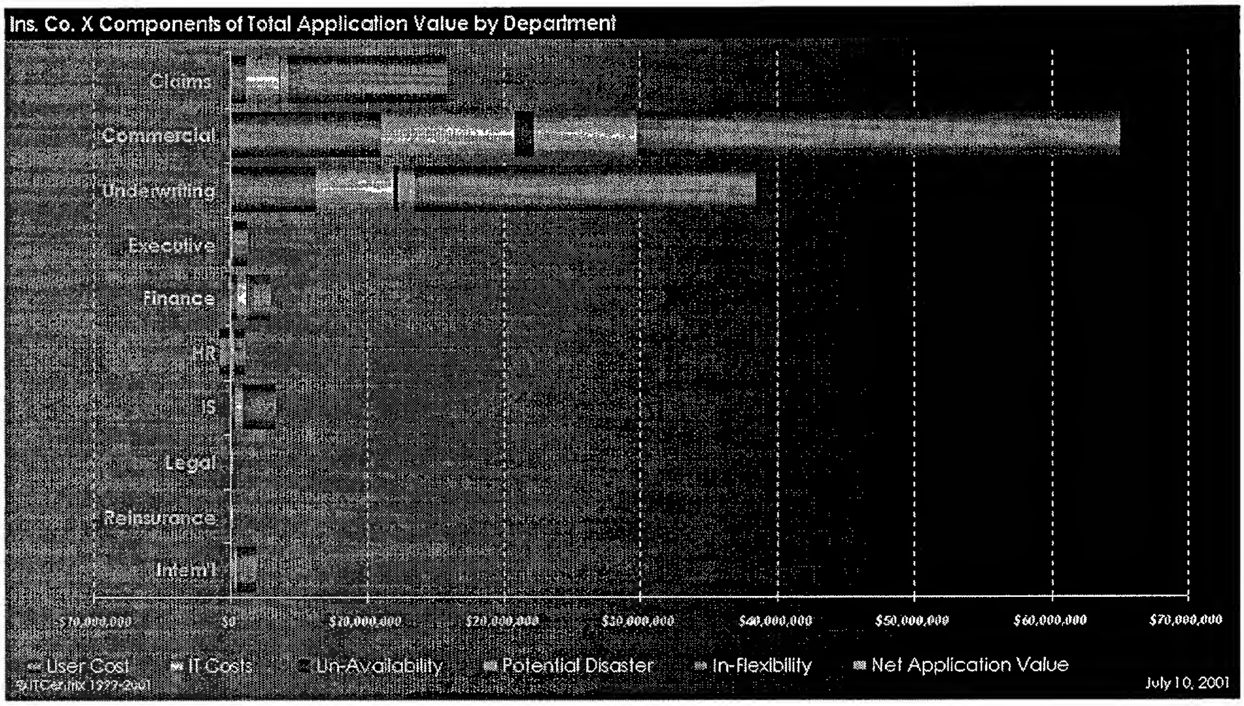
Look at Total Value, represented by the bars on the chart. Ideally, the highest application values should be for your key customer departments, the part of the business providing the largest revenue and overall business value. Individual application's contributions to total value are represented by individual slices within each bar. Are the main contributor applications as you expect for each department?

The Value per User line displays a metric for measuring absolute contributions to the business across departments. In some cases, large Per User amounts correspond to Total Value. In some cases they do not. Use this metric for measuring high impact applications across disparate user populations. In this example, the Claims and Commercial departments have the highest value per user. It may be difficult to add much more value for these customers. However, the Legal and Reinsurance

departments have a very low per user (and total) value, so they would be excellent targets to quickly enhance business value.

Value Components by Department

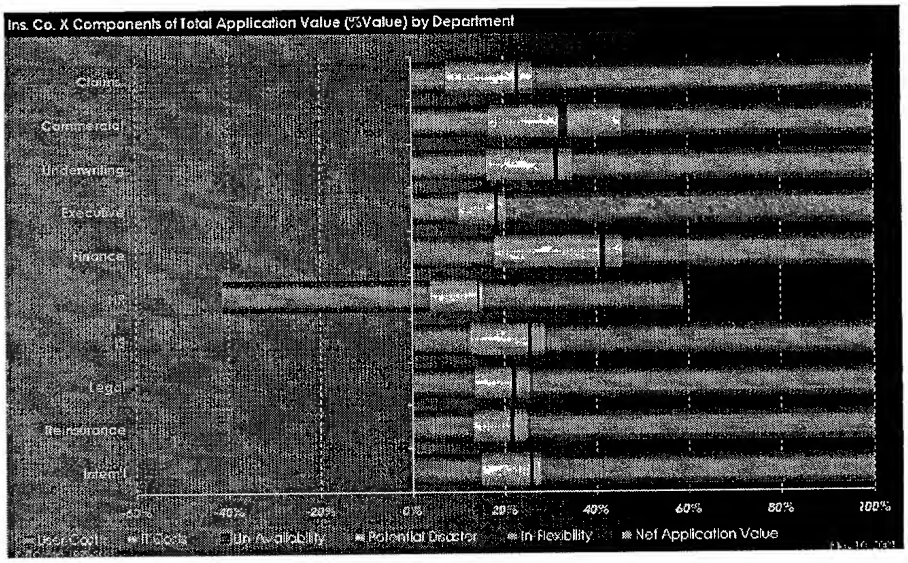
Figure 11 – Value Components by Department ($)



These charts looks at costs versus Net Application Value by user department with the same methodology of "Value Components by Application." (Refer to those charts for additional discussion on analyses.) Use this information to engage in useful conversations with the business community regarding relative costs and benefits of your services.

Are there departments with high value but also high IT costs? Are there any departments with negative Net Application Values? Are there any with unusually high User Costs? Are there departments with large Unavailability Costs? Are there departments with large potential losses associated with potential disasters? Are there departments with large costs due to inflexibility? Do these same departments need to respond quickly to changes in the business environment? Look for opportunities to partner with the business to explore ways of maximizing value.

Figure 12 –Value Components by Department (%)



Total and Net Value by Application and Department

Figure 13 - Total Value by Application and Department

Ins. Co. X Departmental Allocations by Application: Total Value September 06, 2001 © ITCentrix 1999-2001

	Claims	Commercial	Underwriting	Executive	Finance	HR	IS	Legal	Reinsurance	Intern'l	Totals
Total Users	106.0	439.0	884.0	26.0	54.0	10.0	116.0	11.0	10.0	27.0	1683.0
Claims	$13,086,377	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,086,377
Cust. Dbase	$ 954,215	$ 1,908,430	$ 6,679,505	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,542,150
Workflow	$ -	$ -	$ 7,197,507	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,197,507
Int'l Customers	$ -	$ 2,271,940	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,271,940
Quote	$ -	$20,144,539	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,144,539
Policy Admin	$ -	$18,175,524	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,175,524
HR	$ -	$ -	$ -	$ -	$ -	$ 114,246	$ -	$ -	$ -	$ -	$ 114,246
Payroll	$ -	$ -	$ -	$ -	$ 85,685	$ 44,141	$ -	$ -	$ -	$ -	$ 129,825
Repository	$ -	$ 150,770	$ 75,385	$ -	$ 75,385	$ -	$ 1,206,162	$ -	$ -	$ -	$ 1,507,703
Agency System	$ -	$ 272,633	$ -	$ -	$ -	$ -	$ 90,878	$ -	$ -	$1,454,042	$ 1,817,552
Financials	$ 48,607	$ 364,549	$ 267,336	$ 121,516	$ 1,579,713	$ -	$ 48,607	$ -	$ -	$ -	$ 2,430,327
Consulting Svcs	$ -	$ -	$ 6,462,408	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,462,408
Email/ Collab.	$ 1,749,235	$ 7,244,475	$ 14,587,964	$ 429,058	$ 891,120	$ 165,022	$ 1,914,258	$ 181,524	$ 165,022	$ 445,560	$ 27,773,239
Print	$ -	$ 1,569,442	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,569,442
Internet	$ -	$ 7,270,209	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,270,209
Exec Decision	$ 70,625	$ 1,836,247	$ 353,124	$ 706,249	$ 353,124	$ -	$ 70,625	$ 70,625	$ 70,625	$ -	$ 3,531,245
Policy Tracking	$ -	$ 1,613,078	$ 1,613,078	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,226,155
Data Entry	$ -	$ 946,581	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 946,581
All Others	$ -	$ 1,287,433	$ 1,287,433	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,574,866
Total	$15,909,059	$65,055,850	$ 38,523,741	$1,256,823	$ 2,985,027	$ 323,409	$ 3,330,529	$ 252,149	$ 235,647	$1,899,602	$ 129,771,836
% of Value	12.3%	50.1%	29.7%	1.0%	2.3%	0.2%	2.6%	0.2%	0.2%	1.5%	100.0%

These exhibits display each department's total and net value by application.

Look at the Total Value exhibit. Compare the value derived by each user organization with the number of users. Are there untapped opportunities? Who are the best customers on a per user basis?

Figure 14 – Net Value by Application and Department

GenHealthIns Departmental Allocations by Application: Net Value ($000) September 06, 2001 © ITCentrix 1999-2001

	Claims	Member Services	Enrollment	Account Services	Medical Mgmt	Provider Services	Corporate	Sales & Mktg	Finance & Acctg	Actuarial	IT	Other	Totals
Total Internal Users	909.0	853.0	227.0	152.0	347.0	723.0	335.0	533.0	317.0	174.0	216.0	214.0	5000.0
Claims	$ 29,682	$ 10,786	$ -	$ 1,390	$ 229	$ 4,338	$ -	$ -	$ 192	$ 103	$ 75	$ -	$ 46,795
Member Services	$ 6	$ 40,856	$ -	$ 288	$ -	$ 16,427	$ -	$ -	$ -	$ -	$ -	$ -	$ 57,576
Enrollment	$ 1,986	$ 5,751	$ 24,701	$ 822	$ 4,115	$ 2,568	$ -	$ -	$ -	$ 757	$ -	$ -	$ 40,700
Medical Mgmt	$ 4	$ 5,167	$ -	$ -	$ 33,303	$ 2,308	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,783
Delegated Services	$ 1	$ 5,983	$ 3,855	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,839
Provider Services	$ -	$ -	$ -	$ -	$ -	$ 2,671	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,671
HR/Payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,366	$ -	$ -	$ -	$ -	$ -	$ 1,366
Finance/Billing	$ (1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (8,852)	$ -	$ (3,579)	$ -	$ (12,432)
Actuarial/UW	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,826	$ -	$ -	$ 13,826
Reimbursement	$ (0)	$ -	$ -	$ -	$ -	$ (596)	$ -	$ -	$ (216)	$ (119)	$ (87)	$ -	$ (1,017)
Sales & Marketing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,318	$ -	$ -	$ -	$ -	$ 5,318
Data Warehouse	$ (1,086)	$ (700)	$ (451)	$ -	$ (301)	$ (626)	$ -	$ -	$ (1,761)	$ (969)	$ (712)	$ -	$ (6,607)
Pers. Prod/Email	$ 3,662	$ 1,752	$ 903	$ 600	$ 1,510	$ 3,141	$ 6,336	$ 10,096	$ 11,988	$ 6,597	$ 4,845	$ 9,204	$ 60,635
All Others	$ (587)	$ (562)	$ (144)	$ (96)	$ (241)	$ (2,513)	$ (1,067)	$ (1,701)	$ (2,020)	$ (1,111)	$ (817)	$ (1,551)	$ (12,410)
Total	$ 33,667	$ 69,033	$ 28,864	$ 3,005	$ 38,616	$ 27,718	$ 6,635	$ 13,712	$ (670)	$ 19,085	$ (276)	$ 7,653	$ 247,042
% of Value	13.6%	27.9%	11.7%	1.2%	15.6%	11.2%	2.7%	5.6%	-0.3%	7.7%	-0.1%	3.1%	100.0%

Then look at the Net Value exhibit. Is there a major difference in the departments receiving high Net Value? Which customers are expensive to support? Which customers can you support cheaply and efficiently? How would changes in the user base impact the value you can bring to the company?

IT Budget and Staffing Group

These exhibits reflect back the summary and detailed information about the budget and staffing. Views represent both internal and outsourced spending. Staff is reported by actual internal and estimated outsourced headcount.

IT Budget Summary & IT Budget Outsourcing Detail

Figure 15 –IT Budget Summary (%)

Ins. Co. X IT Budget Allocations by Application: Percent of Budget July 10, 2001 © ITCentrix 1999-2001

		Percent Allocation						
	% Budget	Fully Loaded Staff Costs	Hardware	Consulting	SW	Networks	Other	Total
Claims	10.7%	18.0%	12.8%	62.6%	3.8%	1.4%	1.4%	100%
Cust. Dbase	6.2%	33.0%	37.3%	6.0%	15.4%	5.6%	2.7%	100%
Workflow	3.0%	36.8%	34.8%	6.3%	14.3%	5.2%	2.7%	100%
Int'l Customers	2.4%	94.7%	1.0%	0.0%	0.0%	0.0%	4.3%	100%
Quote	11.3%	20.1%	44.8%	6.4%	18.8%	6.9%	3.0%	100%
Policy Admin	13.3%	21.6%	43.2%	7.5%	18.1%	6.6%	2.9%	100%
HR	0.8%	64.8%	9.3%	20.9%	2.6%	1.0%	1.4%	100%
Payroll	0.2%	44.5%	25.8%	13.9%	10.1%	3.7%	2.1%	100%
Repository	1.2%	68.6%	17.2%	8.0%	3.6%	1.3%	1.3%	100%
Agency System	1.0%	43.2%	32.3%	6.3%	11.8%	4.3%	2.1%	100%
Financials	4.3%	52.8%	21.3%	15.5%	6.6%	2.4%	1.4%	100%
Consulting Svcs	5.2%	44.7%	30.9%	5.1%	12.2%	4.5%	2.5%	100%
Email/ Collab.	15.0%	18.0%	46.9%	5.9%	18.7%	6.8%	3.7%	100%
Print	4.2%	46.6%	34.7%	9.6%	5.1%	1.9%	2.1%	100%
Internet	2.4%	17.5%	47.6%	4.6%	20.0%	7.3%	3.0%	100%
Exec Decision	0.3%	17.5%	47.6%	4.6%	20.0%	7.3%	3.0%	100%
Policy Tracking	1.7%	17.5%	47.6%	4.6%	20.0%	7.3%	3.0%	100%
Data Entry	2.4%	83.5%	11.0%	0.5%	2.1%	0.8%	2.2%	100%
All Others	14.4%	65.3%	22.0%	1.3%	1.9%	0.7%	8.9%	100%
Total	100.0%	35.8%	32.8%	11.9%	11.7%	4.3%	3.6%	100%

Figure 16 – IT Budget Summary ($)

Ins. Co. X IT Budget Allocations by Application: Overall Spend July 10, 2001 © ITCentrix 1999-2001

	Overall IT Budget	Fully Loaded Staff Costs	Hardware	Consulting	SW	Networks	Other
Claims	$ 2,086,013	$ 375,889	$ 266,275	$ 1,305,917	$ 78,730	$ 28,773	$ 29,429
Cust. Dbase	$ 1,216,319	$ 401,078	$ 453,475	$ 72,554	$ 187,451	$ 68,508	$ 33,254
Workflow	$ 577,040	$ 212,137	$ 200,580	$ 36,303	$ 82,479	$ 30,144	$ 15,398
Int'l Customers	$ 474,401	$ 449,385	$ 4,632	$ -	$ -	$ -	$ 20,383
Quote	$ 2,209,462	$ 444,027	$ 990,810	$ 141,717	$ 415,517	$ 151,860	$ 65,531
Policy Admin	$ 2,588,528	$ 559,404	$ 1,118,258	$ 182,801	$ 468,628	$ 171,271	$ 78,168
HR	$ 156,123	$ 101,155	$ 14,575	$ 32,637	$ 4,124	$ 1,507	$ 2,124
Payroll	$ 46,432	$ 20,646	$ 11,968	$ 6,480	$ 4,686	$ 1,713	$ 959
Repository	$ 230,798	$ 158,289	$ 39,715	$ 18,414	$ 8,373	$ 3,060	$ 2,905
Agency System	$ 186,050	$ 80,372	$ 60,112	$ 11,750	$ 21,869	$ 7,993	$ 3,953
Financials	$ 829,656	$ 437,871	$ 176,921	$ 128,517	$ 54,829	$ 20,039	$ 11,479
Consulting Svcs	$ 1,021,924	$ 457,272	$ 316,186	$ 52,107	$ 124,968	$ 45,672	$ 25,720
Email/ Collab.	$ 2,928,447	$ 526,491	$ 1,374,379	$ 172,998	$ 546,833	$ 199,852	$ 107,895
Print	$ 826,678	$ 395,329	$ 286,502	$ 79,330	$ 42,489	$ 15,529	$ 17,500
Internet	$ 468,934	$ 81,923	$ 223,242	$ 21,711	$ 93,726	$ 34,254	$ 14,078
Exec Decision	$ 53,146	$ 9,285	$ 25,301	$ 2,481	$ 10,622	$ 3,882	$ 1,596
Policy Tracking	$ 332,943	$ 58,165	$ 158,502	$ 15,415	$ 66,545	$ 24,320	$ 9,996
Data Entry	$ 459,021	$ 383,511	$ 50,402	$ 2,199	$ 9,491	$ 3,469	$ 9,949
All Others	$ 2,811,126	$ 1,835,977	$ 617,124	$ 35,462	$ 53,111	$ 19,411	$ 250,042
Total	$ 19,500,000	$ 6,978,204	$ 6,368,958	$ 2,328,749	$ 2,274,471	$ 831,257	$ 698,361

These exhibits look at relative distribution of budget costs across the range of expenses.

First examine the % Total line; this result describes the overall makeup of your IT budget. Is it what you expected? For example, is the percentage of dollars dedicated to consultants as you expected?

Next, examine individual applications. Are the variations in expenditures consistent with what you expect of each? Take a look at patterns. Is one application using significantly different sorts of expenses. Are you using, for example, more consulting services than expected in any given applications?

Are any of these costs shareable across applications? Are there trends that need to be changed?

Figure 17 - IT Budget Outsourcing Detail ($)

GenHealth Ins Detail IT Budget Allocations by Application: Overall Spend ($000) September 06, 2001 © ITCentrix 1999-2001

					Fully Loaded Staff Costs			Hardware			Consulting			SW			Networks			Other	
	Overall IT Budget	Internal IT Budget	Outsourced Budget	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced
Claims	$ 47,739	$ 8,860	$ 38,879	$ 26,362	$ 4,917	$ 21,406	$ 12,036	$ -	$ 12,036	$ 267	$ 151	$ 116	$ 2,728	$ 1,214	$ 1,514	$ 846	$ 186	$ 660	$ 5,409	$ 2,302	$ 3,107
Member Services	$ 24,937	$ 6,078	$ 19,863	$ 13,527	$ 2,204	$ 11,234	$ 4,712	$ -	$ 4,712	$ 326	$ 147	$ 172	$ 1,780	$ 746	$ 1,034	$ 860	$ 183	$ 676	$ 3,733	$ 1,705	$ 2,028
Enrollment	$ 9,606	$ 1,230	$ 8,407	$ 4,828	$ 583	$ 4,245	$ 3,001	$ -	$ 3,001	$ 46	$ 37	$ 9	$ 500	$ 180	$ 310	$ 198	$ 46	$ 151	$ 1,114	$ 433	$ 681
Medical Mgmt	$ 5,214	$ 940	$ 4,274	$ 3,482	$ 425	$ 3,057	$ 504	$ -	$ 504	$ 61	$ 27	$ 34	$ 206	$ 138	$ 198	$ 158	$ 34	$ 124	$ 621	$ 316	$ 307
Delegated Services	$ 6,646	$ 107	$ 6,539	$ 3,507	$ 40	$ 3,492	$ 1,646	$ -	$ 1,646	$ 95	$ 3	$ 92	$ 454	$ 16	$ 438	$ 56	$ 4	$ 52	$ 925	$ 35	$ 890
Provider Services	$ 4,516	$ 242	$ 4,274	$ 2,480	$ 102	$ 2,378	$ 1,416	$ -	$ 1,416	$ 11	$ 7	$ 4	$ 176	$ 35	$ 141	$ 39	$ 9	$ 30	$ 364	$ 61	$ 303
HR/Payroll	$ 1,734	$ 134	$ 1,601	$ 423	$ 61	$ 362	$ 903	$ -	$ 903	$ 9	$ 4	$ 5	$ 121	$ 20	$ 101	$ 22	$ 5	$ 16	$ 259	$ 46	$ 213
Financial/Billing	$ 15,421	$ 1,129	$ 14,292	$ 6,254	$ 686	$ 5,568	$ 5,954	$ -	$ 5,954	$ 96	$ 10	$ 85	$ 1,133	$ 276	$ 857	$ 99	$ 14	$ 85	$ 1,885	$ 143	$ 1,742
Actuarial/UW	$ 4,446	$ 1,604	$ 2,846	$ 1,516	$ 683	$ 834	$ 1,504	$ -	$ 1,504	$ 13	$ 5	$ 9	$ 992	$ 796	$ 196	$ 22	$ 5	$ 18	$ 392	$ 56	$ 336
Reimbursement	$ 2,602	$ 91	$ 2,511	$ 1,446	$ 36	$ 1,410	$ 952	$ -	$ 952	$ 76	$ 2	$ 74	$ 96	$ 12	$ 84	$ 16	$ 3	$ 13	$ 207	$ 27	$ 180
Sales & Marketing	$ 3,962	$ 376	$ 3,607	$ 2,280	$ 170	$ 2,090	$ 803	$ -	$ 803	$ 54	$ 11	$ 43	$ 261	$ 96	$ 205	$ 79	$ 14	$ 65	$ 526	$ 126	$ 400
Data Warehouse	$ 6,587	$ 2,309	$ 4,278	$ 4,837	$ 1,143	$ 3,694	$ 1,380	$ -	$ 1,380	$ 696	$ 616	$ 80	$ 598	$ 247	$ 351	$ 121	$ 21	$ 100	$ 926	$ 282	$ 644
Pers. Prod/Email	$ 6,471	$ 2,067	$ 4,404	$ 3,101	$ 934	$ 2,167	$ 1,306	$ -	$ 1,306	$ 78	$ 60	$ 18	$ 493	$ 304	$ 189	$ 321	$ 74	$ 247	$ 1,092	$ 605	$ 386
All Others	$ 16,442	$ 2,712	$ 14,730	$ 9,026	$ 981	$ 8,046	$ 3,322	$ -	$ 3,322	$ 977	$ 268	$ 709	$ 1,211	$ 203	$ 1,008	$ 1,221	$ 24	$ 1,197	$ 2,783	$ 1,334	$ 1,449
Total	$ 160,514	$ 26,825	$ 133,696	$ 82,565	$ 12,570	$ 69,995	$ 35,615	$ -	$ 35,615	$ 2,704	$ 1,340	$ 1,446	$ 10,758	$ 4,212	$ 6,546	$ 4,045	$ 620	$ 3,435	$ 20,334	$ 7,671	$ 12,664

Figure 18 - IT Budget Outsourcing Detail (%)

GenHealthIns Detail IT Budget Allocations by Application: Percent of Budget — September 04, 2001 © ITCentrix 1999-2001

Percent Allocation

				Fully Loaded Staff Costs			Hardware			Consulting			SW			Networks			Other			Total		
	% Budget	% Internal Budget	% Outsourced Budget	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced	Total	Internal	Outsourced
Claims	29.7%	33.0%	29.1%	55.2%	55.5%	55.2%	25.2%	0.0%	31.0%	0.8%	1.7%	0.0%	5.7%	13.7%	3.9%	1.8%	2.1%	1.7%	11.5%	27.0%	8.0%	100.0%	100%	100%
Member Services	15.5%	18.9%	14.9%	54.2%	45.2%	56.5%	18.9%	0.0%	20.7%	1.0%	2.9%	0.9%	7.1%	14.7%	5.2%	3.4%	3.8%	3.4%	15.0%	30.8%	10.2%	100.0%	100%	100%
Enrollment	8.0%	4.8%	6.3%	49.8%	45.2%	50.5%	31.0%	0.0%	35.7%	0.5%	2.9%	0.1%	5.2%	14.7%	3.8%	2.0%	3.8%	1.8%	11.5%	30.8%	8.1%	100.0%	100%	100%
Medical Mgmt	3.2%	3.7%	3.2%	88.8%	45.2%	71.8%	11.4%	0.0%	10.9%	1.2%	2.9%	0.8%	5.7%	14.7%	3.7%	3.0%	3.8%	2.9%	12.0%	30.8%	7.2%	100.0%	100%	100%
Delegated Services	4.1%	0.4%	4.9%	52.8%	45.2%	52.9%	24.8%	0.0%	25.2%	1.4%	2.9%	1.4%	6.8%	14.7%	6.7%	0.8%	3.8%	0.8%	13.3%	30.8%	13.0%	100.0%	100%	100%
Provider Services	2.8%	0.9%	3.2%	55.1%	45.2%	55.7%	31.4%	0.0%	30.2%	0.2%	2.9%	0.1%	3.9%	14.7%	3.3%	0.9%	3.8%	0.7%	8.5%	30.8%	7.1%	100.0%	100%	100%
HR/Payroll	1.1%	0.5%	1.2%	24.3%	45.2%	22.8%	52.0%	0.0%	58.4%	0.5%	2.9%	0.3%	8.9%	14.7%	8.3%	1.3%	3.8%	1.1%	14.9%	30.8%	13.3%	100.0%	100%	100%
Finance/Billing	9.8%	4.2%	10.7%	40.8%	80.8%	39.0%	38.6%	0.0%	41.7%	0.8%	0.9%	0.8%	7.3%	24.5%	8.0%	0.8%	1.2%	0.8%	12.2%	12.7%	12.2%	100.0%	100%	100%
Actuarial/UW	2.3%	5.8%	2.2%	34.1%	45.4%	28.4%	35.8%	0.0%	54.3%	0.3%	0.3%	0.3%	20.5%	50.3%	5.3%	0.5%	0.3%	0.8%	8.8%	3.7%	11.4%	100.0%	100%	100%
Reimbursement	1.7%	4.3%	1.9%	53.7%	45.2%	55.8%	31.8%	0.0%	30.8%	2.8%	2.9%	2.9%	3.5%	14.7%	3.3%	0.8%	3.8%	0.5%	7.7%	30.8%	7.1%	100.0%	100%	103%
Sales & Marketing	2.9%	1.4%	2.7%	38.7%	45.2%	38.0%	20.2%	0.0%	22.3%	1.4%	2.9%	1.2%	6.5%	14.7%	5.7%	2.0%	3.8%	1.8%	10.2%	30.8%	11.1%	100.0%	100%	100%
Data Warehouse	5.3%	3.0%	4.7%	58.3%	49.5%	58.9%	16.1%	0.0%	22.0%	8.0%	28.7%	1.1%	7.0%	10.7%	5.8%	1.4%	0.9%	1.8%	11.2%	12.2%	10.9%	100.0%	100%	100%
Pers. Prod/Email	4.0%	7.7%	3.5%	47.9%	45.2%	49.2%	21.8%	0.0%	31.7%	1.2%	2.9%	0.4%	7.8%	14.7%	4.3%	5.0%	3.8%	5.8%	18.7%	30.8%	8.8%	100.0%	100%	100%
All Others	11.5%	10.1%	11.8%	48.4%	32.5%	51.1%	18.0%	0.0%	21.1%	5.3%	9.9%	4.5%	8.8%	7.5%	8.4%	8.8%	0.9%	7.8%	15.1%	49.2%	9.2%	100.0%	100%	100%
Total	100.0%	100.0%	100.0%	51.7%	18.7%	81.3%	24.7%	0.0%	45.7%	1.7%	0.8%	0.4%	8.7%	4.8%	5.7%	2.3%	0.7%	2.5%	12.7%	9.1%	11.8%	100.0%	34%	148%

Next examine the detailed reports which contain outsourcing numbers. Are the high values associated with your fully outsourced systems? Are there similar patterns in spending in internal and outsourced systems? Can additional systems be turned over to an outsourcer for better financial results?

IT Budget and Staff by Application

Figure 19 – IT Budget and Staffing by Application

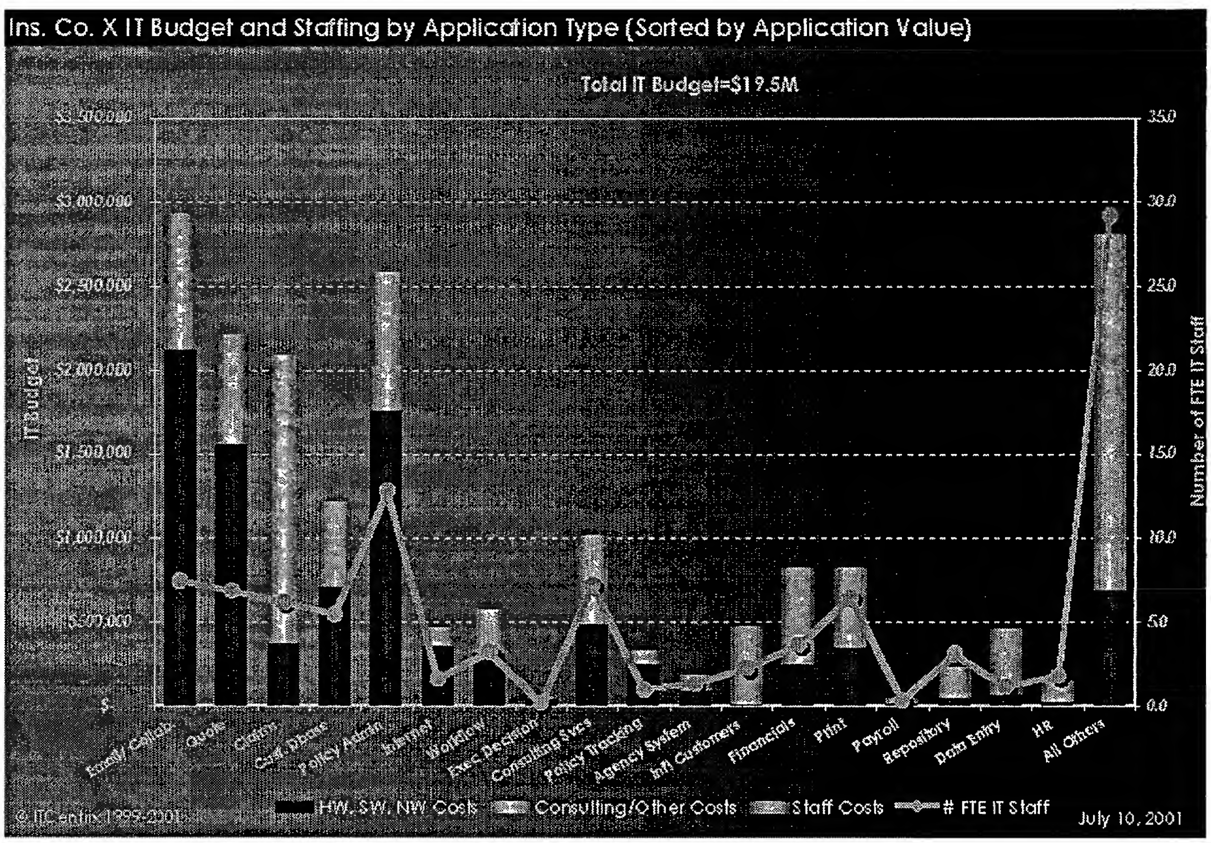
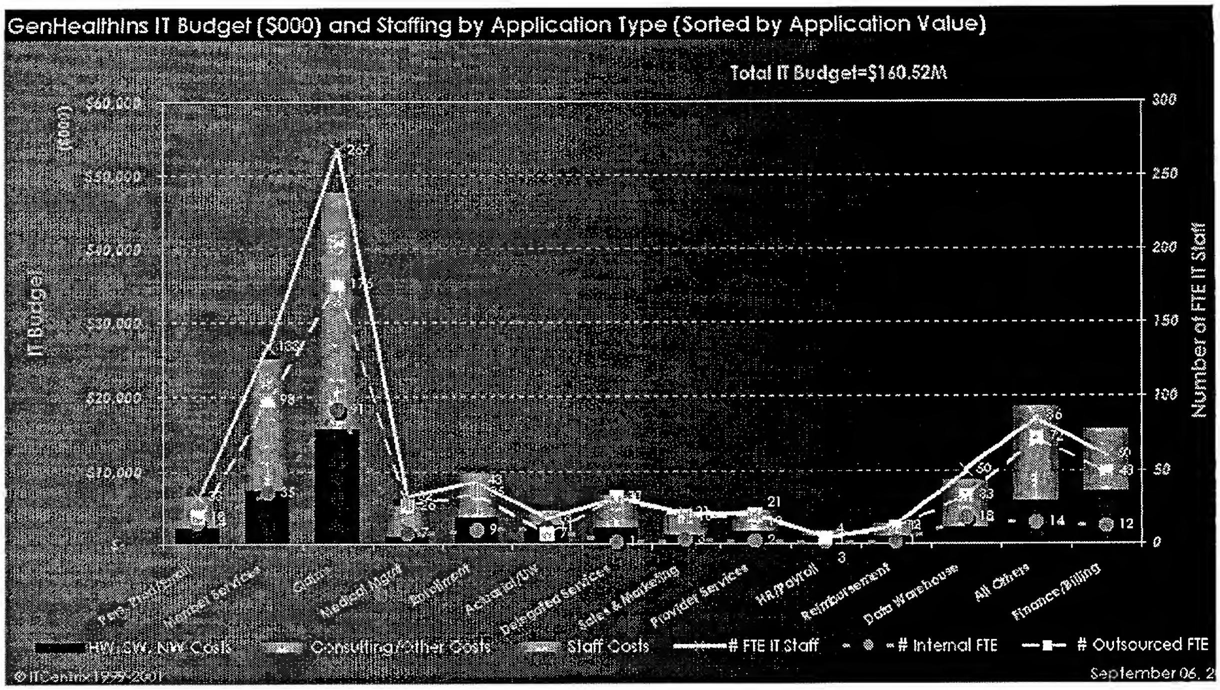


Figure 20 –IT Budget and Staffing by Application (Detail)



These charts break down your company's IT budget across all of the individual applications, showcasing costs against IT staff. They are sorted by Net Application Value, so the more valuable applications in your portfolio are to the left and the less valuable to the right. Are there patterns of IT spending within either population of the portfolio?

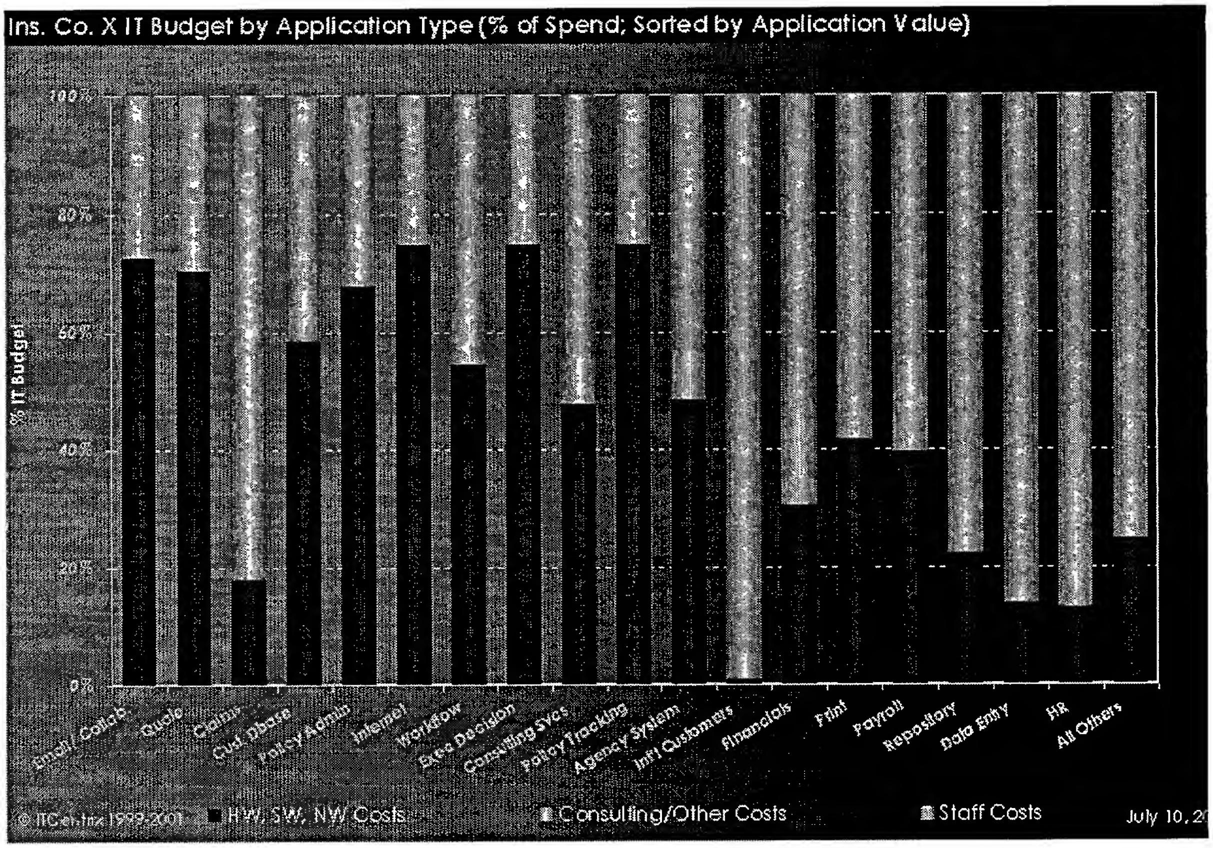
Look at consulting dollars for each application. Is there unexpected or excessive spending? Note: the consulting dollars cover temporary IT staff members who work on site with you. Staff used by an outsourcer are included under Staff Costs.

Look at hardware and software costs. Are they in line with expectations? Is there a way to leverage expenses across applications?

The lines on the charts represent the IT staffing investment in each application. The orange line is total IT FTEs; the two dotted lines on the detailed chart represent internal and estimated outsourced staff. Is the FTE count in line with staff costs and other spending categories? Where are your resources being used?

IT Budget by Application (%)

Figure 21 – IT Budget by Application (%)



This chart looks directly at the relative components of cost, highlighting hardware, software and networking costs; consulting costs; and staff costs.

Are all of your application using roughly the same amounts of resources? Are there any that do not fit the pattern? Are there good, predicted reasons for the differences?

Are relatively high staff costs the result of new development or resource intensive maintenance to a legacy system? Are consulting costs planned and budgeted? Are high hardware and software costs caused by new development, disaster preparation, or routine operations? Can any components be streamlined?

In the example above, in general the lower value applications (to the right) have a higher component due to staffing than the more valuable applications. While the All Others application group represents significant new development, Financials, Print, Payroll, Repository, Data Entry are predominantly back office operational tools. How does their absolute spending compare to the more valuable applications on the "IT Budget and Staff" charts?

The more valuable applications (to the left of the graph) have comparatively high investments in hardware relative to the others. This may be do to the fact that these are stable, optimized applications tuned for efficiency.

Staffing by Application Summary and Detail

Figure 22 –IT Staff (%)

Ins. Co. X Staff Allocations by Application: Percent of FTE Staff — July 10, 2001 © ITCentrix 1999-2001

		Percent Allocation						
	FTE IT Staff	Senior Management	Application Staff for New Development	Application Staff for Maintenance & Operational Support	Operations Staff	Technical Staff	Other Staff	Total
Claims	6.2	1.0%	8.7%	31.7%	38.9%	18.4%	1.4%	100%
Cust Dbase	5.5	5.1%	41.0%	11.2%	33.7%	6.3%	2.7%	100%
Workflow	3.8	10.6%	0.0%	37.5%	41.0%	7.6%	3.3%	100%
Intl Customers	2.3	18.8%	0.0%	81.2%	0.0%	0.0%	0.0%	100%
Quote	6.9	3.8%	0.0%	14.2%	64.8%	12.0%	5.1%	100%
Policy Admin	12.8	3.3%	36.7%	13.0%	37.1%	6.9%	2.9%	100%
HR	1.8	0.4%	0.0%	92.0%	6.0%	1.1%	0.5%	100%
Payroll	0.3	1.8%	0.0%	59.6%	30.5%	5.7%	2.4%	100%
Repository	3.1	0.4%	0.0%	90.7%	7.0%	1.3%	0.6%	100%
Agency System	1.3	2.0%	0.0%	56.0%	33.2%	6.2%	2.6%	100%
Financials	3.6	1.1%	47.7%	27.0%	19.1%	3.5%	1.5%	100%
Consulting Svcs	7.2	12.1%	32.6%	26.0%	23.2%	4.3%	1.8%	100%
Email/ Collab	7.4	4.1%	0.0%	7.8%	69.6%	12.9%	5.5%	100%
Print	6.5	18.6%	40.9%	0.5%	11.3%	2.1%	26.5%	100%
Internet	1.6	3.8%	0.0%	15.2%	64.0%	11.9%	5.1%	100%
Exec Decision	0.1	4.3%	0.0%	3.4%	72.9%	13.6%	5.8%	100%
Policy Tracking	1.0	4.0%	0.0%	10.5%	67.6%	12.6%	5.4%	100%
Data Entry	1.1	1.1%	0.0%	74.3%	19.4%	3.6%	1.5%	100%
All Others	29.2	5.5%	19.9%	19.7%	41.6%	8.6%	4.8%	100%
Total	101.0	5.9%	19.8%	23.8%	37.6%	7.9%	5.0%	100%

These exhibits provide the detail of staffing by application and by job function. Ideally, there aren't any surprises, just a restatement of what you already know. First, examine the Total line. This shows the overall distribution of functional skills in the department.

Examine the distribution of resources and skills across the applications. If there are wide variations between applications, what are the key drivers? Are bodies being spent where you think they are?

Figure 23 – IT Staff (FTEs)

Ins. Co. X Staff Allocations by Application: Number of FTE Staff — July 10, 2001 © ITCentrix 1999-2001

		Number of FTE IT Staff					
	FTE IT Staff	Senior Management	Application Staff for New Development	Application Staff for Maintenance & Operational Support	Operations Staff	Technical Staff	Other Staff
Claims	[illegible]	0.06	0.53	1.96	2.40	1.14	0.08
Cust Dbase	[illegible]	0.28	2.24	0.61	1.84	0.34	0.15
Workflow	3.2	0.34	0.00	1.21	1.32	0.25	0.10
Intl Customers	[illegible]	0.42	0.00	1.83	0.00	0.00	0.00
Quote	[illegible]	0.26	0.00	0.98	4.45	0.83	0.35
Policy Admin	12.6	0.43	4.69	1.66	4.73	0.88	0.38
HR	1.8	0.01	0.00	1.65	0.11	0.02	0.01
Payroll	[illegible]	0.01	0.00	0.18	0.09	0.02	0.01
Repository	[illegible]	0.01	0.00	2.81	0.22	0.04	0.02
Agency System	[illegible]	0.02	0.00	0.70	0.42	0.08	0.03
Financials	[illegible]	0.04	1.74	0.99	0.69	0.13	0.06
Consulting Svcs	7.2	0.87	2.35	1.87	1.68	0.31	0.13
Email/ Collab	[illegible]	0.30	0.00	0.58	5.17	0.96	0.41
Print	[illegible]	1.21	2.66	0.03	0.74	0.14	1.72
Internet	[illegible]	0.06	0.00	0.24	1.03	0.19	0.08
Exec Decision	[illegible]	0.01	0.00	0.00	0.09	0.02	0.01
Policy Tracking	1.0	0.04	0.00	0.10	0.66	0.12	0.05
Data Entry	[illegible]	0.01	0.00	0.83	0.22	0.04	0.02
All Others	[illegible]	1.61	5.79	5.75	12.14	2.50	1.39
Total	[illegible]	6.00	20.00	24.00	38.00	8.00	5.00

Figure 24 – IT Staff ($)

Ins. Co. X Staff Allocations by Application: Fully Loaded Costs of FTE IT Staff — July 10, 2001 © ITCentrix 1999-2001

Fully Loaded Costs of FTE IT Staff

	FTE IT Staff	Senior Management	Application Staff for New Development	Application Staff for Maintenance & Operational Support	Operations Staff	Technical Staff	Other Staff	Total
Claims	6.2	$ 6,318	$ 40,631	$ 122,175	$ 114,620	$ 86,966	$ 4,979	$ 375,889
Cust Dbase	5.5	$ 31,762	$ 189,575	$ 42,597	$ 98,197	$ 29,232	$ 9,712	$ 401,076
Workflow	3.2	$ 37,352	$ -	$ 80,584	$ 67,451	$ 20,079	$ 6,671	$ 212,137
Int'l Customers	2.5	$ 123,259	$ -	$ 326,126	$ -	$ -	$ -	$ 449,385
Quote	6.3	$ 30,816	$ -	$ 70,277	$ 245,550	$ 73,096	$ 24,286	$ 444,027
Policy Admin	12.8	$ 29,630	$ 243,064	$ 70,884	$ 154,537	$ 46,004	$ 15,265	$ 559,404
HR	1.6	$ 594	$ -	$ 93,957	$ 4,729	$ 1,408	$ 468	$ 101,155
Payroll	0.3	$ 636	$ -	$ 12,931	$ 5,068	$ 1,509	$ 501	$ 20,646
Repository	3.1	$ 1,085	$ -	$ 145,126	$ 8,647	$ 2,574	$ 855	$ 158,289
Agency System	1.3	$ 2,713	$ -	$ 47,467	$ 21,618	$ 6,436	$ 2,138	$ 80,372
Financials	3.6	$ 7,482	$ 236,885	$ 110,241	$ 59,618	$ 17,748	$ 5,897	$ 437,871
Consulting Svcs	7.2	$ 82,010	$ 164,501	$ 107,626	$ 73,848	$ 21,984	$ 7,304	$ 457,272
Email/ Collab	7.4	$ 39,588	$ -	$ 46,343	$ 315,452	$ 93,907	$ 31,200	$ 526,491
Print	6.5	$ 100,042	$ 163,614	$ 1,754	$ 28,491	$ 8,481	$ 82,947	$ 385,329
Internet	1.6	$ 5,610	$ -	$ 13,882	$ 44,702	$ 13,307	$ 4,421	$ 81,925
Exec Decision	0.1	$ 736	$ -	$ 361	$ 5,863	$ 1,745	$ 580	$ 9,285
Policy Tracking	1.0	$ 4,234	$ -	$ 6,810	$ 33,740	$ 10,044	$ 3,337	$ 58,165
Data Entry	1.1	$ 7,403	$ -	$ 293,719	$ 58,993	$ 17,562	$ 5,835	$ 383,511
All Others	29.2	$ 165,452	$ 444,584	$ 361,969	$ 586,492	$ 193,881	$ 83,599	$ 1,835,977
Total	101.0	$ 676,728	$ 1,482,853	$ 1,954,829	$ 1,927,815	$ 645,967	$ 290,016	$ 6,978,204
% Total	0.0	9.7%	21.2%	28.0%	27.6%	9.3%	4.2%	100.0%

In addition to these high level views, there are detail views breaking down costs and FTEs by actual internal and estimated outsourced resources. Use similar analysis techniques to drill down on these views. How labor intensive are your systems?

Figure 25 –Staffing by Application Outsourcing Detail (FTEs)

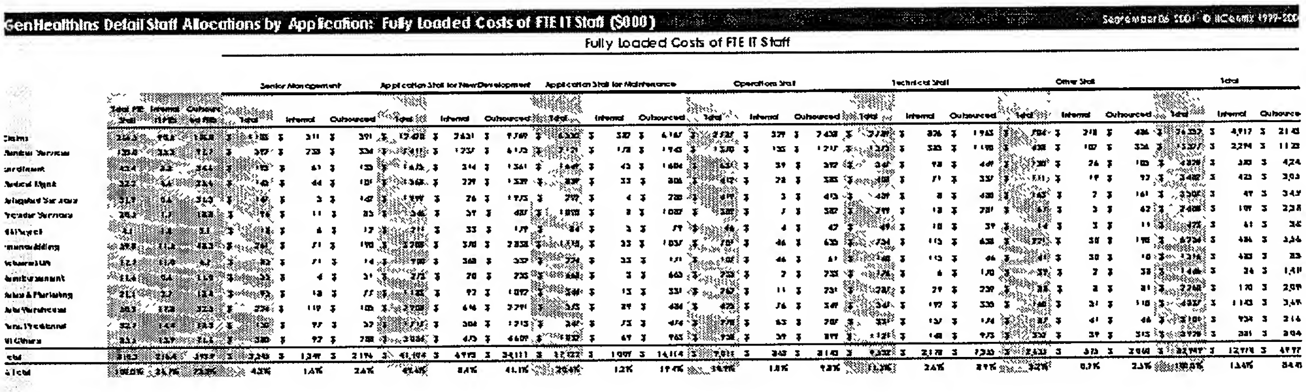
GenHealthIns Detail Staff Allocations by Application: Number of FTE Staff — September 06, 2001 © ITCentrix 1999-2001

Number of FTE IT Staff

	Total FTE IT Staff	Internal FTEs	Outsourced FTEs	Senior Management Total	Senior Management Internal	Senior Management Outsourced	Application Staff for New Development Total	Application Staff for New Development Internal	Application Staff for New Development Outsourced
Claims	266.5	90.5	176.0	4.6	3.1	1.5	129.9	51.3	78.5
Member Services	133.0	35.3	97.7	2.1	1.2	0.9	73.3	20.0	53.2
Enrollment	43.4	8.8	34.6	0.6	0.3	0.3	15.8	5.0	10.8
Medical Mgmt	32.2	6.6	25.6	0.5	0.2	0.3	14.8	3.7	11.0
Delegated Services	31.9	0.6	31.3	0.4	0.0	0.4	18.2	0.3	17.9
Provider Services	20.5	1.7	18.8	0.3	0.1	0.2	4.7	1.0	3.7
HR/Payroll	4.1	1.0	3.1	0.1	0.0	0.0	2.1	0.6	1.5
Finance/Billing	59.8	11.5	48.3	0.9	0.4	0.5	30.9	6.5	24.4
Actuarial/UW	17.7	11.0	6.7	0.4	0.4	0.0	10.4	6.2	4.2
Reimbursement	11.6	0.6	11.0	0.1	0.0	0.1	2.2	0.3	1.9
Sales & Marketing	21.1	2.7	18.4	0.3	0.1	0.2	11.1	1.5	9.6
Data Warehouse	50.3	17.8	32.5	0.9	0.6	0.3	30.1	10.1	20.1
Pers Prod/Email	32.7	14.4	18.3	0.6	0.5	0.1	18.3	8.2	10.1
All Others	85.5	13.9	71.6	1.3	0.5	0.8	48.8	7.9	40.9
Total	810.3	216.4	593.9	13.1	7.4	5.7	410.5	122.7	287.8

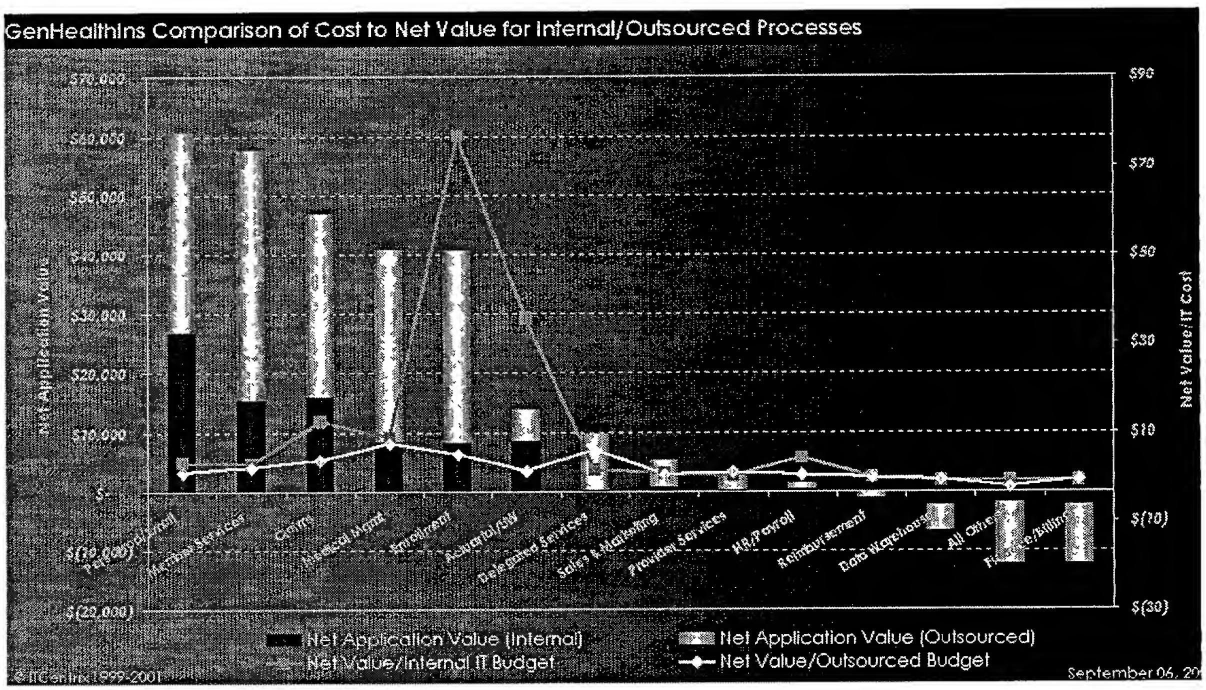
	Application Staff for Maintenance Total	Application Staff for Maintenance Internal	Application Staff for Maintenance Outsourced	Operations Staff Total	Operations Staff Internal	Operations Staff Outsourced	Technical Staff Total	Technical Staff Internal	Technical Staff Outsourced	Other Staff Total	Other Staff Internal	Other Staff Outsourced
Claims	62.0	8.1	54.0	28.2	6.9	21.3	33.8	17.0	16.8	8.0	4.2	3.9
Member Services	21.4	3.1	18.2	14.0	2.7	11.3	17.6	6.6	10.9	4.7	1.6	3.0
Enrollment	14.6	0.8	13.8	5.7	0.7	5.1	5.4	1.7	3.8	1.2	0.4	0.8
Medical Mgmt	7.8	0.6	7.2	3.9	0.5	3.4	4.2	1.2	3.0	1.1	0.3	0.7
Delegated Services	2.9	0.1	2.8	4.1	0.0	4.1	4.8	0.1	4.6	1.5	0.0	1.4
Provider Services	9.1	0.2	9.0	3.3	0.1	3.1	2.6	0.3	2.3	0.5	0.1	0.5
HR/Payroll	0.8	0.1	0.7	0.5	0.1	0.4	0.5	0.2	0.4	0.1	0.0	0.1
Finance/Billing	10.9	1.0	9.9	7.0	0.9	6.1	8.0	2.2	5.8	2.1	0.5	1.6
Actuarial/UW	2.4	1.0	1.5	1.4	0.8	0.5	2.5	2.1	0.4	0.6	0.5	0.1
Reimbursement	5.5	0.1	5.4	1.9	0.0	1.9	1.5	0.1	1.4	0.3	0.0	0.3
Sales & Marketing	3.4	0.2	3.2	2.6	0.2	2.4	2.9	0.5	2.4	0.8	0.1	0.7
Data Warehouse	6.2	1.6	4.6	4.6	1.4	3.3	6.7	3.3	3.3	1.8	0.8	0.9
Pers Prod/Email	5.6	1.3	4.3	3.0	1.1	1.9	4.3	2.7	1.5	1.0	0.7	0.4
All Others	10.5	1.2	9.3	9.7	1.1	8.6	11.8	2.6	9.2	3.4	0.6	2.7
Total	163.2	19.3	143.9	89.8	16.4	73.4	106.5	40.7	65.8	27.1	10.0	17.2

Figure 26 –Staffing by Application Outsourcing Detail ($)



Net Value to Staffing Comparison

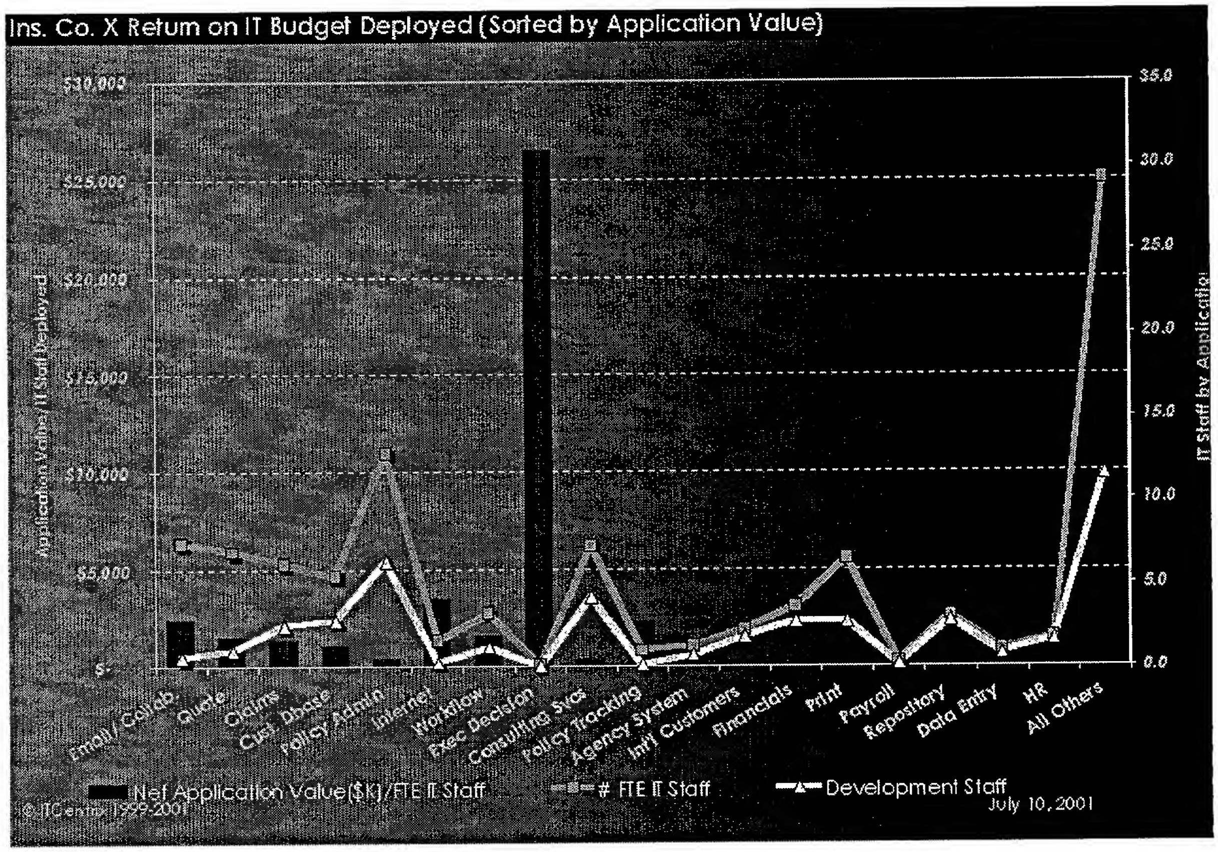
Figure 27 - Net Value to Staffing Comparison



This chart compares the net value generated internally and externally with net value of each approach.

Return on IT Staff

Figure 28 – Return on IT Staff



This exhibit compares the Application Value per IT Staff to the actual number of staff used to develop and maintain the application.

In this example, it shows clearly which applications have the highest impact to the business for every full time equivalent put on them. The Executive Decision Making system clearly brings more value per staff hour than any other application in the portfolio. In theory, high performing applications would produce the most immediate value for the company if additional resources were judiciously added.

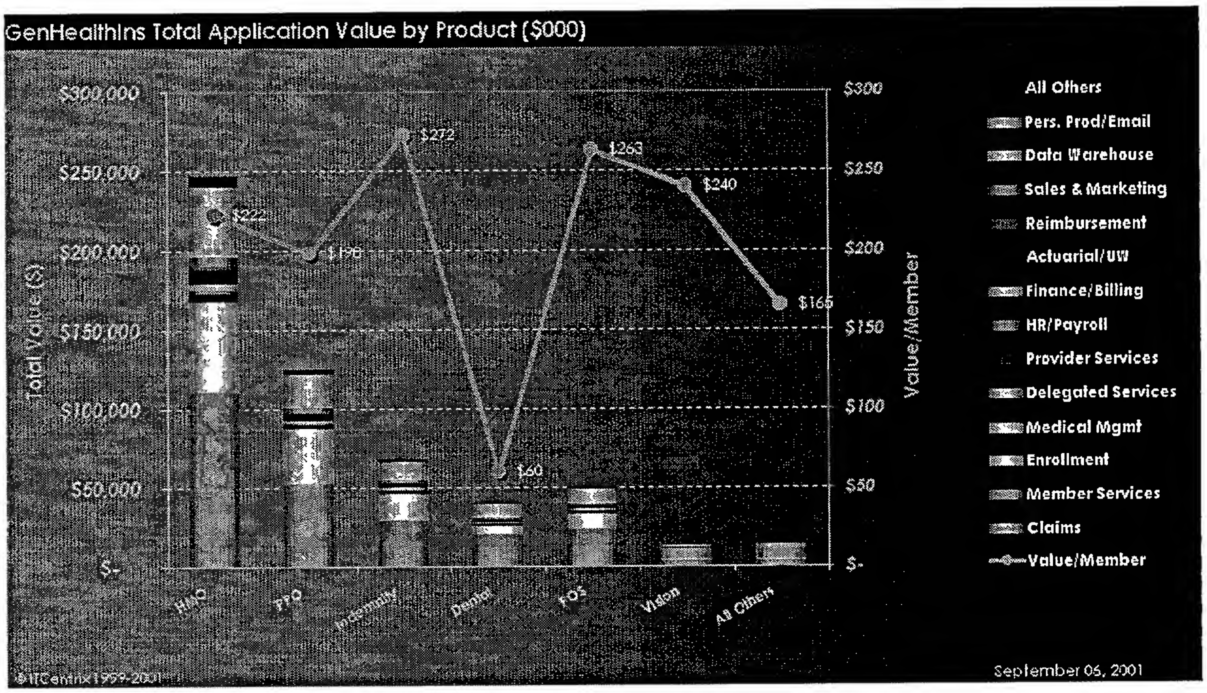
Compare the value per FTE to the staffing levels. The difference between the orange total staff line and the yellow development staff line represent maintenance and operational staff and management. Are the applications with larger development staffs generally more valuable per FTE than applications with more resources involved in maintenance and other duties?

Value by Product Group

This group of exhibits assigns the application value to each product group.

Application Value by Product

Figure 29- Application Value by Product



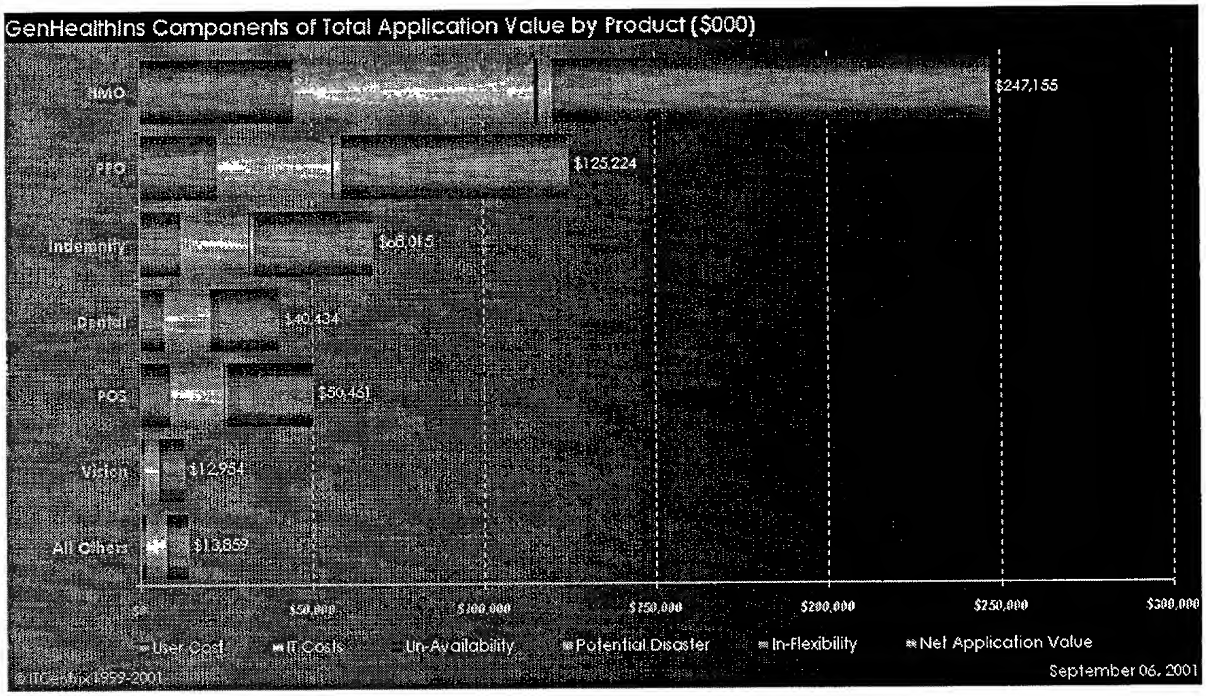
This chart demonstrates the value that applications and, consequently, the IT Department, provides to products produced by the organization, both as total quantities and on a per customer basis.

Look at Total Value, represented by the bars on the chart. Ideally, the highest application values should be for your key products, those products which are the strategic cornerstone of your business. Individual application's contributions to total value are represented by individual slices within each bar. Are the main contributor applications as you expect for each department? Are there products which receive low value and, consequently, would be excellent targets for automation?

The Value per Member line (in this example; however, your exhibit may have another metric more appropriate for your business) displays a metric for measuring absolute contributions to the business across products. In some cases, large Per Member amounts correspond to Total Value. In some cases they do not. Use this metric for measuring high impact applications across disparate customer populations. In this example, the most of the products have a similar per Member result except for Dental. It may be hard to add value to most members, while focusing on Dental customers may bring the most value to the customer with the lowest cost.

Components of Value by Product

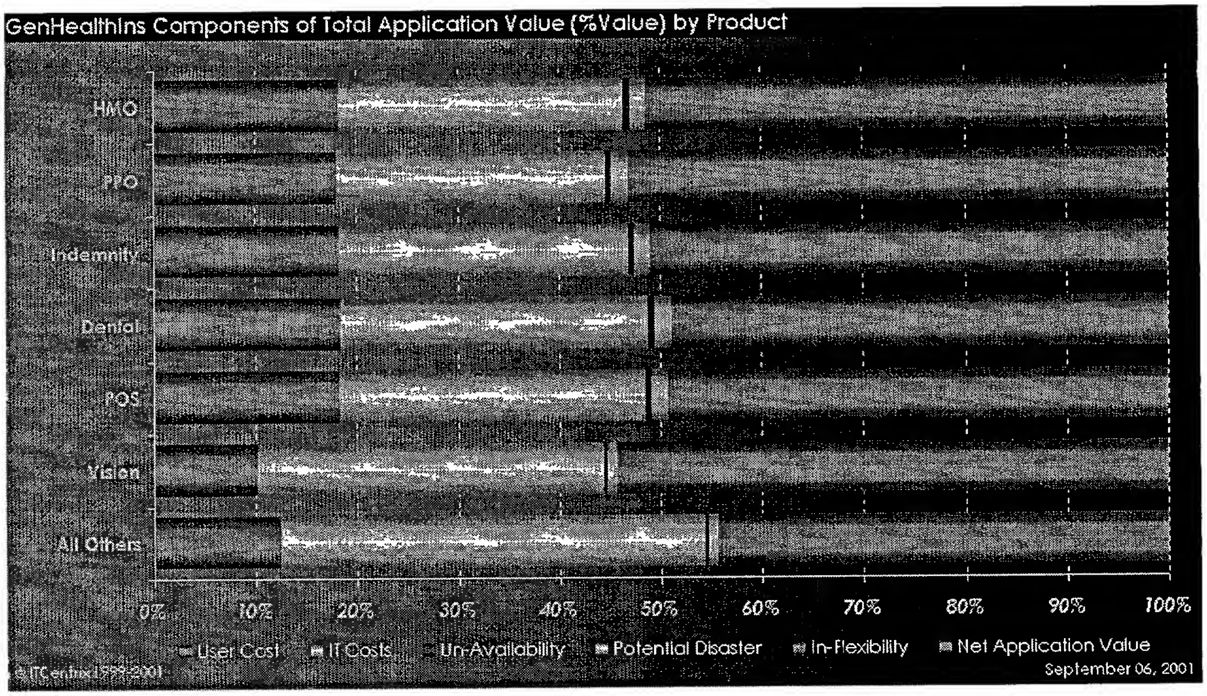
Figure 30 - Components of Value by Product ($)



These charts looks at costs versus Net Application Value by product with the same methodology of "Value Components by Application." (Refer to those charts for additional discussion on analyses.) Use this information to engage in useful conversations with the business community regarding relative costs and benefits of your services towards the bottom line customer.

Are there products with high value but also high IT costs? Are there any products with negative Net Application Values? Are there any with unusually high User Costs? Are there products with large Unavailability Costs? Are there products with large potential losses associated with disasters? Are there products with large costs due to inflexibility? Do these same products need to respond quickly to changes in the business environment? Look for opportunities to partner with the business to explore ways of maximizing value.

Figure 31 - Components of Value by Product (%)



Net and Total Value by Application and Product

These tables provide the detailed Value figures behind the "Application Value by Product" and "Value Components by Product" charts. Like the tables for constituents and departments, use these tables to quantify and leverage the Value generated for each product in your portfolio.

Figure 32 - Total Value by Application and Product

GenHealthIns Product Allocations by Application: Total Value — September 06, 2001 © ITCentrix 1999-2001

	HMO	PPO	Indemnity	Dental	POS	Vision	All Others	Totals
Total Members	**1,112,000**	**632,000**	**250,000**	**676,000**	**192,000**	**54,000**	**84,000**	**3,000,000**
Claims	$ 61,262,539	$ 29,019,097	$ 16,121,721	$ 11,285,205	$ 12,897,377	$ 1,612,172	$ 1,612,172	$ **133,810,282**
Member Services	$ 48,862,593	$ 23,145,439	$ 12,858,577	$ 9,001,004	$ 10,286,862	$ 1,285,858	$ 1,285,858	$ **106,726,190**
Enrollment	$ 29,544,445	$ 13,994,737	$ 7,774,854	$ 5,442,398	$ 6,219,883	$ 777,485	$ 777,485	$ **64,531,288**
Medical Mgmt	$ 26,556,842	$ 20,655,322	$ 8,852,281	$ -	$ 2,950,760	$ -	$ -	$ **59,015,205**
Delegated Services	$ 897,209	$ 897,209	$ 897,209	$ -	$ 897,209	$ 7,177,676	$ 7,177,676	$ **17,944,189**
Provider Services	$ 5,292,233	$ 2,506,847	$ 1,392,693	$ 974,885	$ 1,114,154	$ 139,269	$ 139,269	$ **11,559,352**
HR/Payroll	$ 2,416,965	$ 1,144,878	$ 636,043	$ 445,230	$ 508,835	$ 63,604	$ 63,604	$ **5,279,160**
Finance/Billing	$ 4,023,681	$ 1,508,880	$ 1,508,880	$ 704,144	$ 1,207,104	$ 100,592	$ 1,005,920	$ **10,059,202**
Actuarial/UW	$ 9,533,320	$ 4,515,763	$ 2,508,768	$ 1,756,138	$ 2,007,015	$ 250,877	$ 250,877	$ **20,822,778**
Reimbursement	$ 1,821,221	$ 862,684	$ 479,269	$ 335,488	$ 383,415	$ 47,927	$ 47,927	$ **3,977,930**
Sales & Marketing	$ 5,441,944	$ 2,577,763	$ 1,432,091	$ 1,002,463	$ 1,145,673	$ 143,209	$ 143,209	$ **11,886,352**
Data Warehouse	$ 1,893,230	$ 896,793	$ 498,218	$ 348,753	$ 398,575	$ 49,822	$ 49,822	$ **4,135,212**
Pers. Prod/Email	$ 42,336,703	$ 20,054,228	$ 11,141,238	$ 7,798,866	$ 8,912,990	$ 1,114,124	$ 1,114,124	$ **92,472,272**
All Others	$ 7,271,744	$ 3,444,510	$ 1,913,617	$ 1,339,532	$ 1,530,893	$ 191,362	$ 191,362	$ **15,883,020**
Total	**$247,154,670**	**$125,224,171**	**$ 68,015,459**	**$ 40,434,106**	**$ 50,460,745**	**$ 12,953,977**	**$ 13,859,305**	**$ 558,102,433**
% of Value	**44.3%**	**22.4%**	**12.2%**	**7.2%**	**9.0%**	**2.3%**	**2.5%**	**100.0%**

Figure 33 - Net Value by Application and Product

GenHealthIns Product Allocations by Application: Net Value September 06, 2001 © ITCentrix 1999-2001

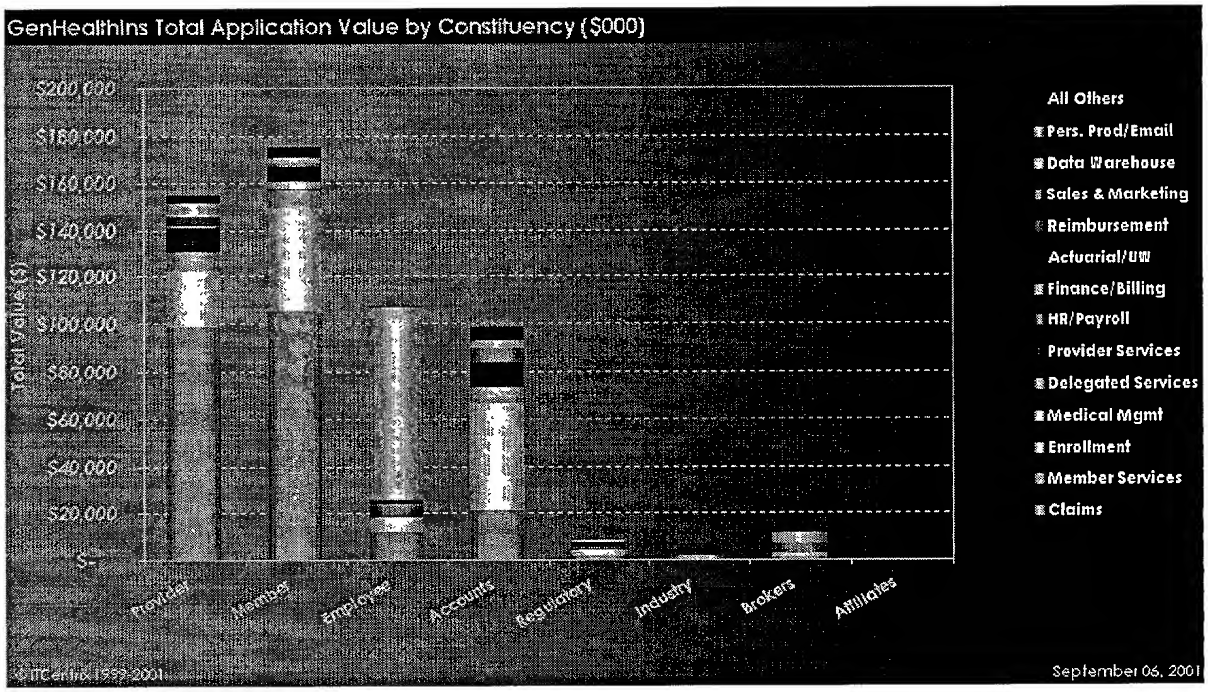
	HMO	PPO	Indemnity	Dental	POS	Vision	All Others	Totals
Total Members	**1,112,000**	**632,000**	**250,000**	**676,000**	**192,000**	**54,000**	**84,000**	**3,000,000**
Claims	$ 21,424,135	$ 10,148,274	$ 5,637,930	$ 3,946,551	$ 4,510,344	$ 563,793	$ 563,793	$ **46,794,821**
Member Services	$ 26,360,322	$ 12,486,468	$ 6,936,927	$ 4,855,849	$ 5,549,542	$ 693,693	$ 693,693	$ **57,576,493**
Enrollment	$ 16,633,917	$ 8,826,592	$ 4,903,662	$ 3,432,564	$ 3,922,930	$ 490,366	$ 490,366	$ **40,700,399**
Medical Mgmt	$ 18,352,164	$ 14,273,905	$ 6,117,388	$ -	$ 2,039,129	$ -	$ -	$ **40,782,587**
Delegated Services	$ 491,939	$ 491,939	$ 491,939	$ -	$ 491,939	$ 3,935,510	$ 3,935,510	$ **9,838,776**
Provider Services	$ 1,222,657	$ 579,153	$ 321,752	$ 225,226	$ 257,402	$ 32,175	$ 32,175	$ **2,670,541**
HR/Payroll	$ 625,338	$ 296,213	$ 164,563	$ 115,194	$ 131,650	$ 16,456	$ 16,456	$ **1,365,870**
Finance/Billing	$ (4,972,909)	$ (1,864,841)	$ (1,864,841)	$ (870,259)	$ (1,491,873)	$ (124,323)	$ (1,243,227)	$ **(12,432,272)**
Actuarial/UW	$ 6,330,163	$ 2,998,498	$ 1,665,832	$ 1,166,083	$ 1,332,666	$ 166,583	$ 166,583	$ **13,826,409**
Reimbursement	$ (465,752)	$ (220,619)	$ (122,566)	$ (85,796)	$ (98,053)	$ (12,257)	$ (12,257)	$ **(1,017,300)**
Sales & Marketing	$ 2,434,624	$ 1,153,243	$ 640,690	$ 448,483	$ 512,552	$ 64,069	$ 64,069	$ **5,317,731**
Data Warehouse	$ (3,024,878)	$ (1,432,837)	$ (796,021)	$ (557,214)	$ (636,816)	$ (79,602)	$ (79,602)	$ **(6,606,971)**
Pers. Prod/Email	$ 27,760,682	$ 13,149,797	$ 7,305,443	$ 5,113,810	$ 5,844,354	$ 730,544	$ 730,544	$ **60,635,175**
All Others	$ (5,681,746)	$ (2,691,353)	$ (1,495,196)	$ (1,046,637)	$ (1,196,157)	$ (149,520)	$ (149,520)	$ **(12,410,129)**
Total	**$109,490,657**	**$ 58,194,433**	**$ 29,907,503**	**$ 16,743,853**	**$ 21,169,609**	**$ 6,327,489**	**$ 5,208,585**	**$ 247,042,129**
% of Value	**44.3%**	**23.6%**	**12.1%**	**6.8%**	**8.6%**	**2.6%**	**2.1%**	**100.0%**

Value by Constituent Group

These exhibits highlight the value that IT brings to each major constituency.

Application Value by Constituency

Figure 34 - Application Value by Constituency



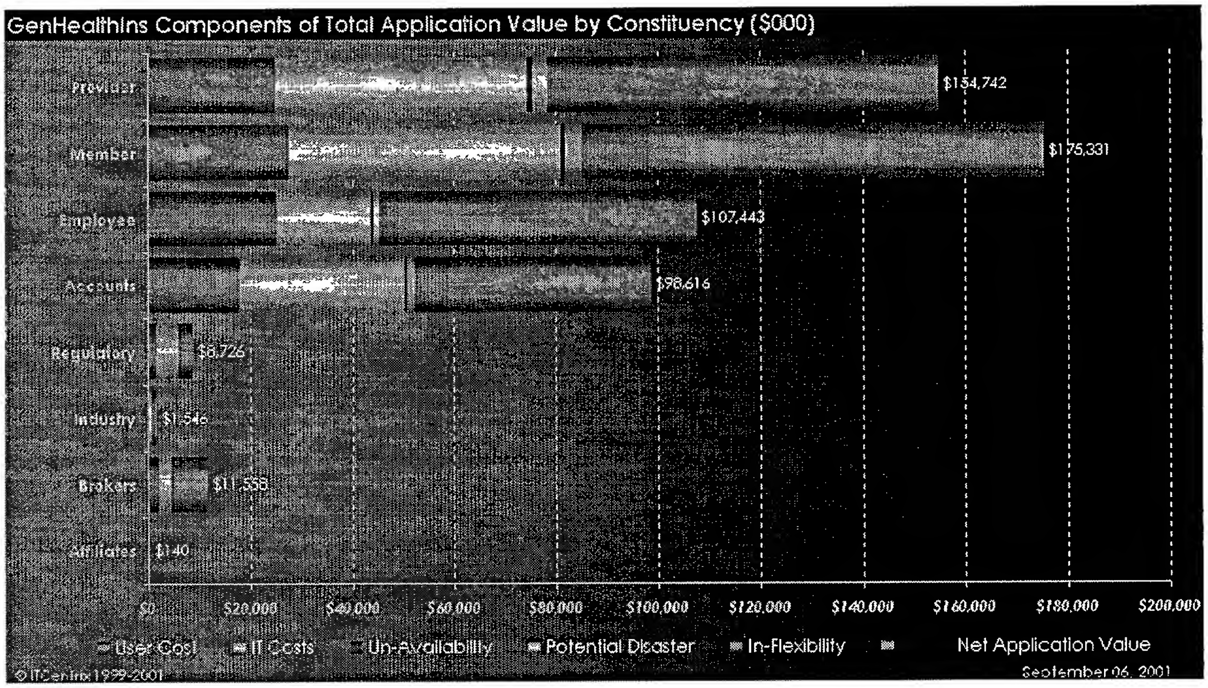
This chart demonstrates the value that applications and, consequently, the IT Department, provides to groups of constituents of your company.

Look at Total Value, represented by the bars on the chart. Ideally, the highest application values should be for your key constituents, those groups which are the strategic cornerstone of your business. Individual application's contributions to total value are represented by individual slices within each bar. Are the main contributor applications as you expect for each department? Are there constituents which receive low value and, consequently, would be excellent targets for automation?

In this example, the focus of IT value is on providers and members; they are well served in the current environment. Employees and accounts also receive good benefit from IT. But regulatory groups, industry associations, brokers and affiliates are poorly served. Does the focus of value correspond with the strategy of your company?

Value Components by Constituency

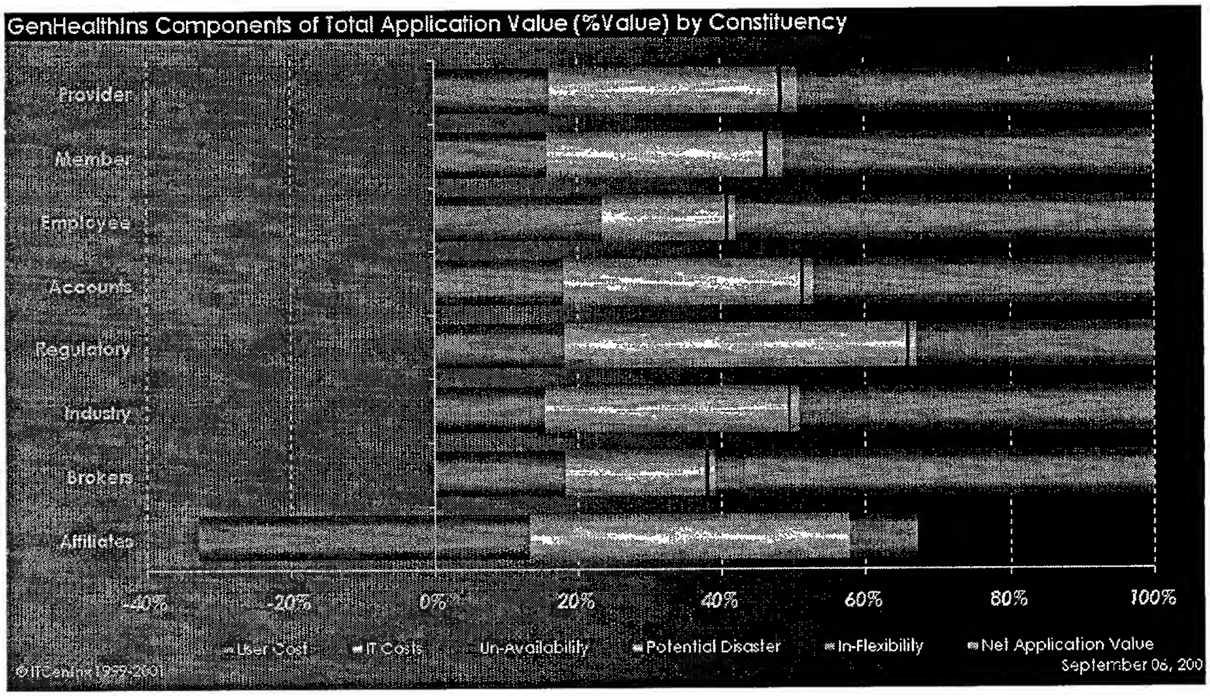
Figure 35 - Value Components by Constituency ($)



These charts looks at costs versus Net Application Value by constituent groups with the same methodology of "Value Components by Application." (Refer to those charts for additional discussion on analyses.) Use this information to engage in useful conversations with the business community regarding relative costs and benefits of your services.

Are there constituencies with high value but also high IT costs? With negative Net Application Values? With unusually high User Costs? With large Unavailability Costs? With large potential losses associated with disasters? With large costs due to inflexibility? Do these same constituencies need to respond quickly to changes in the business environment? Look for opportunities to partner with the business to explore ways of maximizing value.

Figure 36 - Value Components by Constituency (%)



Total and Net Value by Constituency

These exhibits display the Total and Net Application Value by constituency, in effect the detailed data table which drives the charts "Application Value by Constituency" and "Value Components by Constituency." Use these tables to easily quantify results by application for each constituency.

Compare the results of these tables with the metrics and goals of the company. Are all the constituencies equally well served? Are the key groups to the business receiving the maximum benefit? If a lower priority group is achieving most of the value, is there a planned reason for that?

Figure 37 - Value by Application and Constituency

GenHealthIns Constituency Allocations by Application: Total Value September 06, 2001 © ITCentrix 1999-2001

	Provider	Member	Employee	Accounts	Regulatory	Industry	Brokers	Affiliates	Totals
Total Constituents	**30,000.0**	**3,000,000.0**	**5,000.0**	**45,000.0**	**8.0**	**5.0**	**150.0**	**4.0**	**3,080,167.0**
Claims	$ 53,524,113	$ 60,214,627	$ 6,690,514	$ 10,704,823	$ 1,338,103	$ 1,338,103	$ -	$ -	$ **133,810,282**
Member Services	$ 44,825,000	$ 44,825,000	$ 5,336,310	$ 10,672,619	$ -	$ -	$ 1,067,262	$ -	$ **106,726,190**
Enrollment	$ 6,453,129	$ 32,265,644	$ 3,226,564	$ 21,295,325	$ -	$ -	$ 1,290,626	$ -	$ **64,531,288**
Medical Mgmt	$ 17,704,561	$ 11,803,041	$ 2,950,760	$ 23,606,082	$ 2,950,760	$ -	$ -	$ -	$ **59,015,205**
Delegated Services	$ 8,074,885	$ 8,074,885	$ -	$ 1,794,419	$ -	$ -	$ -	$ -	$ **17,944,189**
Provider Services	$ 10,403,417	$ 577,968	$ -	$ -	$ 577,968	$ -	$ -	$ -	$ **11,559,352**
HR/Payroll	$ -	$ -	$ 5,279,160	$ -	$ -	$ -	$ -	$ -	$ **5,279,160**
Finance/Billing	$ 1,005,920	$ 3,017,761	$ 502,960	$ 5,029,601	$ 402,368	$ -	$ -	$ 100,592	$ **10,059,202**
Actuarial/UW	$ 416,456	$ 6,246,833	$ 1,041,139	$ 10,411,389	$ 2,082,278	$ 208,228	$ 416,456	$ -	$ **20,822,778**
Reimbursement	$ 3,182,344	$ 39,779	$ 198,897	$ 397,793	$ 119,338	$ -	$ -	$ 39,779	$ **3,977,930**
Sales & Marketing	$ -	$ 1,188,635	$ 594,318	$ 5,943,176	$ -	$ -	$ 4,160,223	$ -	$ **11,886,352**
Data Warehouse	$ 1,033,803	$ -	$ 2,067,606	$ 413,521	$ 620,282	$ -	$ -	$ -	$ **4,135,212**
Pers. Prod/Email	$ 4,623,614	$ 2,311,807	$ 78,601,431	$ 2,311,807	$ -	$ -	$ 4,623,614	$ -	$ **92,472,272**
All Others	$ 3,494,264	$ 4,764,906	$ 952,981	$ 6,035,548	$ 635,321	$ -	$ -	$ -	$ **15,883,020**
Total	**$ 154,741,506**	**$ 175,330,886**	**$ 107,442,640**	**$ 98,616,102**	**$ 8,726,417**	**$ 1,546,331**	**$ 11,558,180**	**$ 140,371**	**$ 558,102,433**
% of Value	**27.7%**	**31.4%**	**19.3%**	**17.7%**	**1.6%**	**0.3%**	**2.1%**	**0.0%**	**100.0%**

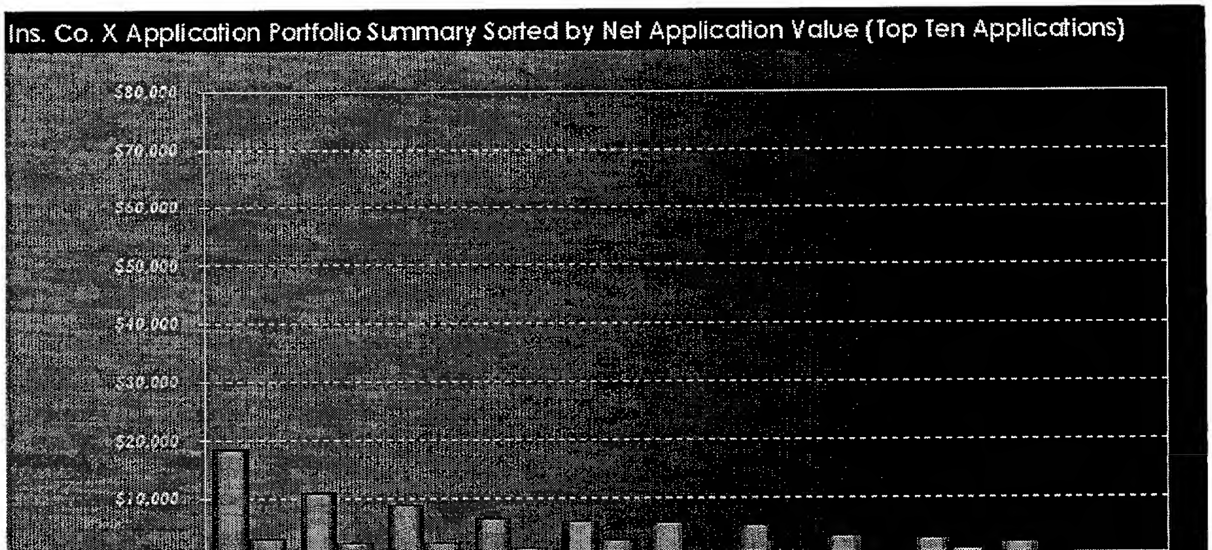
Figure 38 - Net Value by Application and Constituency

GenHealthIns Constituency Allocations by Application: Net Value September 06, 2001 © ITCentrix 1999-2001

	Provider	Member	Employee	Accounts	Regulatory	Industry	Brokers	Affiliates	Totals
Total Constituents	**30,000.0**	**3,000,000.0**	**5,000.0**	**45,000.0**	**8.0**	**5.0**	**150.0**	**4.0**	**3,080,167.0**
Claims	$ 18,717,928	$ 21,057,669	$ 2,339,741	$ 3,743,586	$ 467,948	$ 467,948	$ -	$ -	$ **46,794,821**
Member Services	$ 24,182,127	$ 24,182,127	$ 2,878,825	$ 5,757,649	$ -	$ -	$ 575,765	$ -	$ **57,576,493**
Enrollment	$ 4,070,040	$ 20,350,199	$ 2,035,020	$ 13,431,132	$ -	$ -	$ 814,008	$ -	$ **40,700,399**
Medical Mgmt	$ 12,234,776	$ 8,156,517	$ 2,039,129	$ 16,313,035	$ 2,039,129	$ -	$ -	$ -	$ **40,782,587**
Delegated Services	$ 4,427,449	$ 4,427,449	$ -	$ 983,878	$ -	$ -	$ -	$ -	$ **9,838,776**
Provider Services	$ 2,403,487	$ 133,527	$ -	$ -	$ 133,527	$ -	$ -	$ -	$ **2,670,541**
HR/Payroll	$ -	$ -	$ 1,365,870	$ -	$ -	$ -	$ -	$ -	$ **1,365,870**
Finance/Billing	$ (1,243,227)	$ (3,729,682)	$ (621,614)	$ (6,216,136)	$ (497,291)	$ -	$ -	$ (124,323)	$ **(12,432,272)**
Actuarial/UW	$ 276,528	$ 4,147,923	$ 691,320	$ 6,913,204	$ 1,382,641	$ 138,264	$ 276,528	$ -	$ **13,826,409**
Reimbursement	$ (813,840)	$ (10,173)	$ (50,865)	$ (101,730)	$ (30,519)	$ -	$ -	$ (10,173)	$ **(1,017,300)**
Sales & Marketing	$ -	$ 531,773	$ 265,887	$ 2,658,865	$ -	$ -	$ 1,861,206	$ -	$ **5,317,731**
Data Warehouse	$ (1,651,743)	$ -	$ (3,303,486)	$ (660,697)	$ (991,046)	$ -	$ -	$ -	$ **(6,606,971)**
Pers. Prod/Email	$ 3,031,759	$ 1,515,879	$ 51,539,898	$ 1,515,879	$ -	$ -	$ 3,031,759	$ -	$ **60,635,175**
All Others	$ (2,730,228)	$ (3,723,039)	$ (744,608)	$ (4,715,849)	$ (496,405)	$ -	$ -	$ -	$ **(12,410,129)**
Total	**$ 62,905,056**	**$ 77,040,171**	**$ 58,435,119**	**$ 39,622,816**	**$ 2,007,985**	**$ 606,212**	**$ 6,559,266**	**$ (134,496)**	**$ 247,042,129**
% of Value	**25.5%**	**31.2%**	**23.7%**	**16.0%**	**0.8%**	**0.2%**	**2.7%**	**-0.1%**	**100.0%**

Top Ten Applications Group

Figure 39 – Top Ten Applications by Net Value ($)



	Email/ Collab	Quote	Claims	Cust. Dbase	Policy Admin	Internet	Workflow	Exec Decision	Consulting Svcs	Policy Tracking	Total All Applic's
Net Value ($000)	$18,337	$10,891	$8,834	$6,345	$5,987	$5,672	$5,252	$3,309	$2,841	$2,274	$67,627
Total IT Budget ($000)	$2,928	$2,209	$2,085	$1,216	$2,587	$469	$577	$53	$1,022	$333	$19,500
% Net Value	27.1%	16.1%	13.1%	9.4%	8.9%	8.4%	7.8%	4.9%	4.2%	3.4%	100.0%
% Total IT Budget	15.0%	11.3%	10.7%	6.2%	13.3%	2.4%	3.0%	0.3%	5.2%	1.7%	100.0%
Return on IT Budget	9.5	9.1	6.3	7.8	7.0	15.5	12.5	66.4	6.3	9.7	6.7
Potential Total Loss ($000)	$1,424	$3,099	$503	$122	$4,893	$117	$115	$14	$331	$13	$11,424
# Users (Total)	1,683	500	105	600	300	300	400	100	400	213	1,683
# FTE IT Staff	7.4	6.9	6.2	5.5	12.8	1.6	3.2	0.1	7.2	1.0	101.0

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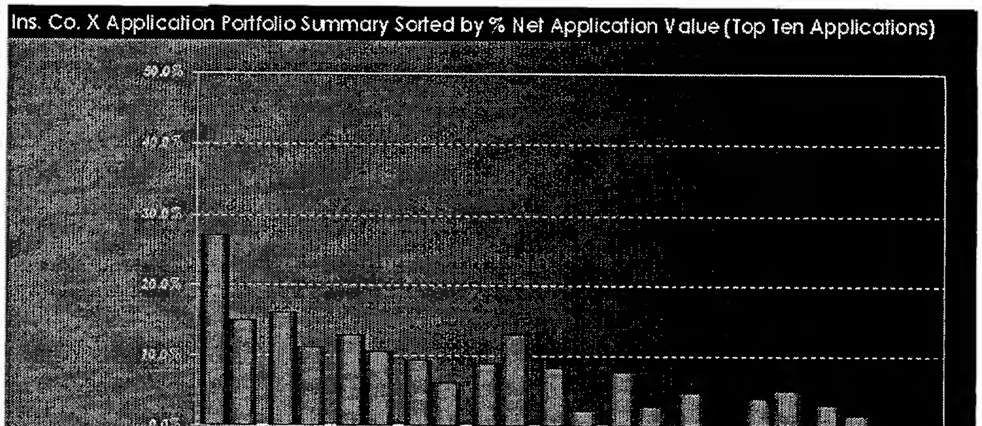
This series of charts showcases your most valuable or costly applications, sorting the top ten applications in each category with detailed figures for analysis. Focus on those charts which help you drill down on specific issues in your portfolio.

In the view sorted by Net Application Value, compare the Net Application Value to the IT Budget assigned to the application. Is the ratio consistent across applications? Are some applications for efficient at generating value? The higher the % Net Value and Return on IT Budget, the better the results for each application. Compare the number of users to the number of IT FTEs. Any surprises?

Figure 40 – Top Ten Applications by Net Value (%)



	Email/ Collab.	Quote	Claims	Cust. Dbase	Policy Admin	Internet	Workflow	Exec Decision	Consultin g Svcs	Policy Tracking	Total All Applic's
% Net Value	27.1%	16.1%	13.1%	9.4%	8.9%	8.4%	7.8%	4.9%	4.2%	3.4%	100.0%
% Total IT Budget	15.0%	11.3%	10.7%	6.2%	13.3%	2.4%	3.0%	0.3%	5.2%	1.7%	100.0%
Net Value ($000)	$18,337	$10,891	$8,834	$6,345	$5,987	$5,672	$5,252	$3,309	$2,841	$2,274	$67,627
Total IT Budget ($000)	$2,928	$2,209	$2,085	$1,216	$2,587	$469	$577	$53	$1,022	$333	$19,500
Return on IT Budget	9.5	9.1	6.3	7.8	7.0	15.5	12.5	66.4	6.3	9.7	6.7
Potential Total Loss ($000)	$1,424	$3,099	$503	$122	$4,893	$117	$115	$14	$331	$13	$11,424
# Users (Total)	1683	500	105	600	300	300	400	100	400	213	1683
# FTE IT Staff	7.4	6.9	6.2	5.5	12.8	1.6	3.2	0.1	7.2	1.0	101.0

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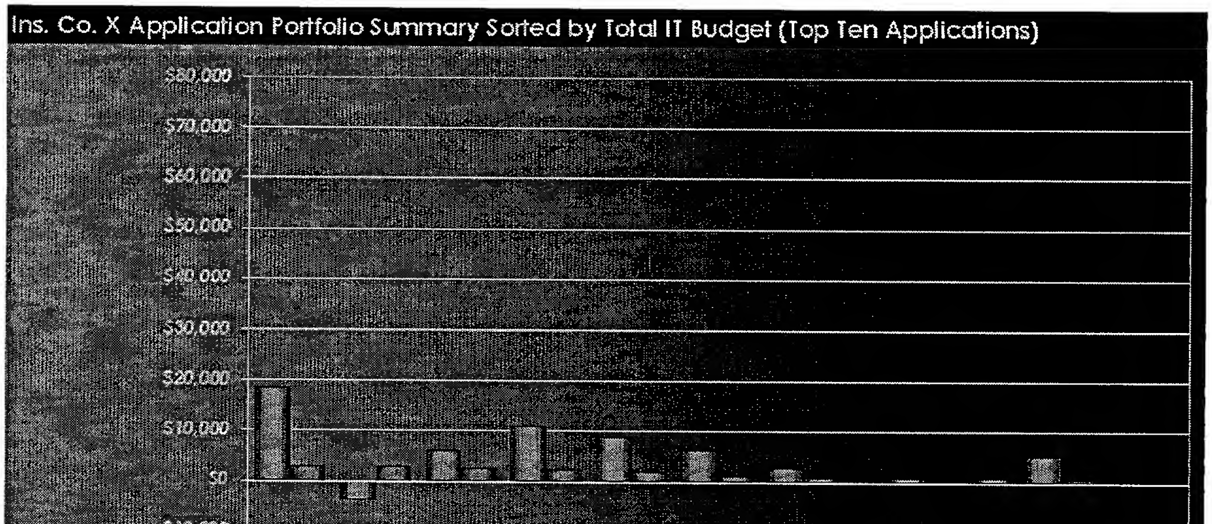
Figure 41 – Top Ten Application by IT Budget ($)



	Email/ Collab.	All Others	Policy Admin	Quote	Claims	Cust. Dbase	Consultin g Svcs	Financials	Print	Workflow	Total All Applic's
Net Value ($000)	$18,337	$(3,740)	$5,987	$10,891	$8,834	$6,345	$2,841	$493	$362	$5,252	$67,627
Total IT Budget ($000)	$2,928	$2,811	$2,587	$2,209	$2,085	$1,216	$1,022	$830	$827	$577	$19,500
% Net Value	27.1%	-5.5%	8.9%	16.1%	13.1%	9.4%	4.2%	0.7%	0.5%	7.8%	100.0%
% Total IT Budget	15.0%	14.4%	13.3%	11.3%	10.7%	6.2%	5.2%	4.3%	4.2%	3.0%	100.0%
Return on IT Budget	9.5	0.9	7.0	9.1	6.3	7.8	6.3	2.9	1.9	12.5	6.7
Potential Total Loss ($000)	$1,424	$396	$4,893	$3,099	$503	$122	$331	$125	$25	$115	$11,424
# Users (Total)	1683	85	300	500	105	600	400	75	400	400	1683
# FTE IT Staff	7.4	29.2	12.8	6.9	6.2	5.5	7.2	3.6	6.5	3.2	101.0

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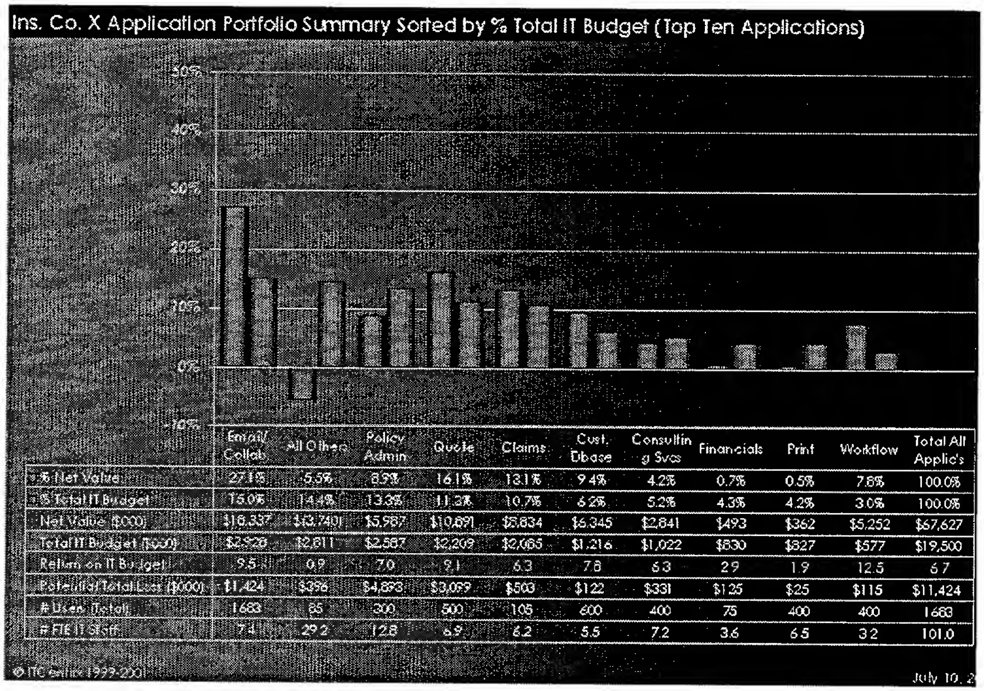
Sorted by IT Budget, you can see directly the impact of IT investment on value. Often, this exhibit highlights applications under development or upgrade and showcases the spending on the capital budget. In this example, the "All Others" application contains all new systems not yet rolled out to users. You can see the relatively high cost with a negative net value typical of development phase systems.

Figure 42 – Top Ten Applications by IT Budget (%)



	Email/ Collab	All Others	Policy Admin	Quote	Claims	Cust. Dbase	Consulting Svcs	Financials	Print	Workflow	Total All Applic's
% Net Value	27.1%	-5.5%	8.9%	16.1%	13.1%	9.4%	4.2%	0.7%	0.5%	7.8%	100.0%
% Total IT Budget	15.0%	14.4%	13.3%	11.3%	10.7%	6.2%	5.2%	4.3%	4.2%	3.0%	100.0%
Net Value ($000)	$18,337	($3,740)	$5,987	$10,891	$8,834	$6,345	$2,841	$493	$362	$5,252	$67,627
Total IT Budget ($000)	$2,928	$2,811	$2,587	$2,209	$2,085	$1,216	$1,022	$830	$827	$577	$19,500
Return on IT Budget	9.5	0.9	7.0	9.1	6.3	7.8	6.3	2.9	1.9	12.5	6.7
Potential Total Loss ($000)	$1,424	$396	$4,893	$3,099	$503	$122	$331	$125	$25	$115	$11,424
# Users (Total)	1683	85	300	500	105	600	400	75	400	400	1683
# FTE IT Staff	7.4	29.2	12.8	6.9	6.2	5.5	7.2	3.6	6.5	3.2	101.0

Internal and External Users Group

Two tables relate the number of internal and external users to specific applications and departments.

Figure 43 – Internal Users by Application and Department

Ins. Co. X Departmental Allocations by Application: Number of Active Users July 10, 2001 © ITCentrix 1999-2001

	Claims	Commercial	Underwriting	Executive	Finance	HR	IS	Legal	Reinsurance	Intern'l	# Active Users	% Active
Total Users	106	439	884	26	54	10	116	11	10	27	1683 0	% of Total Users
Claims	12.6										12 6	0.7%
Cust. Dbase	3.0	6.0	21 0								30 0	1.8%
Workflow			13.2								13 2	0.8%
Int'l Customers												0.0%
Quote		66.5									66.5	4.0%
Policy Admin		75.0									75.0	4.5%
HR						0.7					0.7	0.0%
Payroll					0.5	0.3					0 8	0 0%
Repository		0.1	0.1		0.1		1.1				1.3	0.1%
Agency System		0.5					0.2			2.8	3.5	0.2%
Financials	0.2	1.3	1 0	0.4	5.7		0 2				8.8	0.5%
Consulting Svcs			20 0								20.0	1.2%
Email/ Collab.	5.5	22 8	46 0	1.4	2.8	0 5	6 0	0.6	0.5	1 4	87.5	5.2%
Print		6.8									6.8	0.4%
Internet		15 0									15 0	0.9%
Exec Decision	0.0	0.9	0.2	0.3	0.2		0.0	0.0	0.0		1.7	0.1%
Policy Tracking		5.3	5 3								10 7	0 6%
Data Entry		1.5									1.5	0.1%
All Others		4 3	4.3								8.5	0.5%
Total	21.3	206 1	110.9	2.1	9.2	1 4	7 5	0.6	0.6	4 2	364.0	21.6%
% of Active Users	5.9%	56.6%	30 5%	0.6%	2.5%	0 4%	2.1%	0 2%	0.2%	1.2%	100.0%	

On the Number of Active Users exhibit, the % of Active Users line displays the general population of your departments' users. Look at which applications have the most users (% of Total Users) and to which departments they belong. Use this information as a basis for discussions with specific departments. Are there overlaps in applications used in groups of departments? For example, if three departments use the same three applications, can you leverage functionality or staffing? Are there "high maintenance" customers? Are there opportunities to provide new services?

Figure 44 - External Users by Application

GenHealthIns External Users by Application September 06, 2001 © ITCentrix 1999-2001

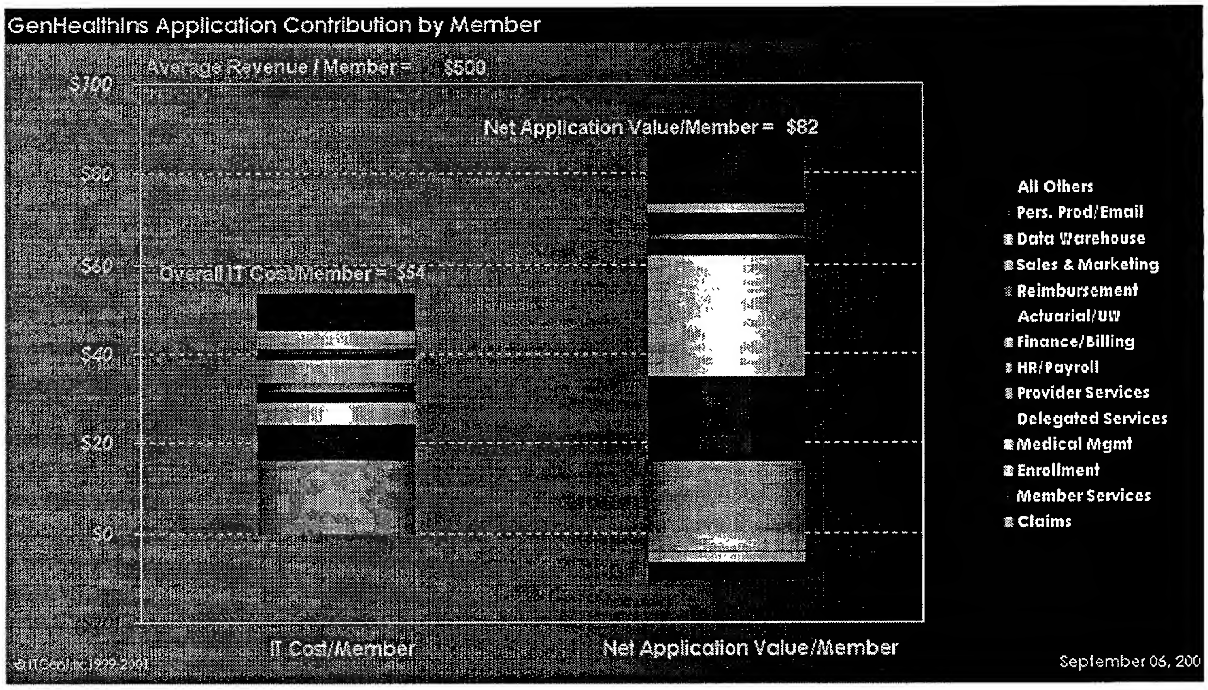
	Total External Users	% Active	Active External Users	Additional Application Value
Claims	25,000	1.25	312.50	$ 14,375,000
Member Services	25,000	1.25	312.50	$ 14,375,000
Enrollment	26,700	1.44	383.33	$ 17,633,333
Medical Mgmt	100	2.50	2.50	$ 115,000
Delegated Services	25,150	1.27	318.75	$ 14,662,500
Provider Services	-	-	-	$ -
HR/Payroll	-	-	-	$ -
Finance/Billing	-	-	-	$ -
Actuarial/UW	-	-	-	$ -
Reimbursement	-	-	-	$ -
Sales & Marketing	-	-	-	$ -
Data Warehouse	-	-	-	$ -
Pers. Prod/Email	-	-	-	$ -
All Others	-	-	-	$ -
Total	**101,950**	**1.30**	**1,329.58**	**$ 61,160,833**

External Users by Applications summarizes and calculates the additional value to the company of external users. Since these users are able to help themselves with technology, you did not need to hire internal employees to manage their requests, thereby saving costs. These avoided costs constitute the additional value to your portfolio.

Other Exhibits Groups

Application Value by Metric

Figure 45 – Sample Chart: Application Value by Member



These exhibits focus on metrics specific for your company. For a health insurance company, they may report on a per Member or a per Policy basis. For a manufacturing company, they may be on a per part shipped or a per customer basis. These views compare average revenue to IT Costs and Net Application Value for each application. Use these exhibits to compare each application to specific metrics valuable to the business. Where do you get the most bang for the buck?

IT Cost displays the associated hardware, software and network costs; consulting costs; and staff costs for each application. Net Application Value displays the contribution each application makes to value.

Compare the costs and value to each other. Do any applications have disproportionate costs compared to variables? Are any applications specifically beneficial?

As the company gets more policies or locations, will the value and costs keep pace?

Data Table

Figure 46 – Data Table

Ins. Co. X Company Information	
Number of Employees	1,683
Revenue	$600,000,000
Revenue/Employee ($)	$356,506
Number of Policies	150,000
Number of Locations	1,500,000

	Application	Claims	Cust. Doc	Workflow	Int'l Customers	Quote	Policy Admin	HR	Payroll	Repository	Agency System
Users	Number of Users	106	600	400	0	500	300	20	3	20	36
	% Active Concurrent	12%	50%	33%	00%	133%	250%	33%	250%	67%	100%
	Annual Cost of End User ($000)	$ 500	$ 525	$ 525	$ -	$ 525	$ 525	$ 500	$ 500	$ 650	$ 750
	Total User Cost ($000)	$ 756	$ 1575	$ 693	$ -	$ 3491	$ 3938	$ 33	$ 38	$ 87	$ 263
Resources	HW/NW/SW ($000)	$ 374	$ 701	$ 313	$ 5	$ 1558	$ 1958	$ 20	$ 18	$ 51	$ 90
	Consulting/Other ($000)	$ 1335	$ 106	$ 52	$ 20	$ 209	$ 289	$ 36	$ 7	$ 21	$ 16
	Staff Senior Mgmt ($000)	$ 6	$ 32	$ 39	$ 123	$ 39	$ 30	$ 1	$ 1	$ 1	$ 3
	Staff, New Dev ($000)	$ 44	$ 170	$ -	$ -	$ -	$ 243	$ -	$ -	$ -	$ -
	Staff Maintenance ($000)	$ 122	$ 43	$ 39	$ 326	$ 70	$ 91	$ 94	$ 13	$ 146	$ 47
	Staff: Operational ($000)	$ 115	$ 98	$ 87	$ -	$ 246	$ 156	$ 5	$ 5	$ 9	$ 22
	Staff: Technical Mgmt ($000)	$ 37	$ 29	$ 20	$ -	$ 73	$ 46	$ 1	$ 2	$ 3	$ 6
	Other IT Staff Costs ($000)	$ 5	$ 10	$ 7	$ -	$ 24	$ 15	$ 0	$ 1	$ 1	$ 2
	Total IT Staff Costs ($000)	$ 376	$ 401	$ 212	$ 449	$ 444	$ 559	$ 101	$ 21	$ 158	$ 50
	Total IT Budget ($000)	$ 2085	$ 1216	$ 577	$ 474	$ 2209	$ 2587	$ 156	$ 46	$ 239	$ 186
	Number of FTE Staff	6.2	5.5	3.2	2.3	6.7	12.8	1.8	0.3	3.1	1.3
	% Total Resource Cost	11%	6%	3%	2%	11%	13%	1%	0%	1%	1%
Value	Application Value ($000)	$ 13086	$ 9542	$ 7198	$ 2272	$ 20145	$ 18176	$ 114	$ 130	$ 1508	$ 1818
	% Application Value	10%	7%	6%	2%	16%	14%	0%	0%	1%	1%
	Net Application Value ($000)	$ 8834	$ 6345	$ 5252	$ 922	$ 10891	$ 5787	$ (843)	$ (58)	$ (131)	$ 1014
	% Net Application Value	13%	9%	8%	1%	16%	9%	-1%	0%	0%	1%
Downtime	Vendor Availability	98%	98%	94%	98%	94%	94%	94%	94%	98%	94%
	Impact of Outage	40%	20%	10%	20%	40%	60%	10%	40%	20%	10%
	Potential Total Loss ($000)	$ 505	$ 122	$ 115	$ 27	$ 3099	$ 4593	$ 2	$ 20	$ 19	$ 27
	DR Costs ($000)	$ 19	$ 35	$ 16	$ 0	$ 78	$ 88	$ 1	$ 1	$ 3	$ 4
	DR Costs / Expected Loss	4%	29%	14%	1%	3%	2%	55%	5%	13%	15%
	Infeasibility	$ 703	$ 284	$ 540	$ 347	$ 454	$ 771	$ 769	$ 34	$ 1302	$ 326

	Application	Financials	Consulting Svcs	Email/Calendar	Print	Internet	Exec Decision	Policy Tracking	Data Entry	All Others	Total
Users	Number of Users	75	400	1683	400	300	100	213	7	86	1683
	% Active Concurrent	117%	50%	52%	17%	50%	17%	50%	217%	100%	67%
	Annual Cost of End User ($000)	$ 600	$ 700	$ 550	$ 500	$ 600	$ 900	$ 525	$ 600	$ 525	$ 552
	Total User Cost ($000)	$ 527	$ 1400	$ 4813	$ 340	$ 900	$ 153	$ 559	$ 91	$ 446	$ 20102
Resources	HW/NW/SW ($000)	$ 252	$ 487	$ 2121	$ 346	$ 351	$ 40	$ 249	$ 63	$ 610	$ 9475
	Consulting/Other ($000)	$ 140	$ 78	$ 281	$ 97	$ 36	$ 4	$ 25	$ 12	$ 286	$ 3027
	Staff Senior Mgmt ($000)	$ 7	$ 82	$ 40	$ 100	$ 6	$ 1	$ 4	$ 7	$ 165	$ 677
	Staff, New Dev ($000)	$ 237	$ 186	$ -	$ 164	$ -	$ -	$ -	$ -	$ 446	$ 1483
	Staff Maintenance ($000)	$ 110	$ 108	$ 46	$ 2	$ 14	$ 0	$ 9	$ 294	$ 342	$ 1955
	Staff: Operational ($000)	$ 40	$ 74	$ 315	$ 28	$ 46	$ 6	$ 34	$ 59	$ 586	$ 1928
	Staff: Technical Mgmt ($000)	$ 18	$ 22	$ 94	$ 3	$ 13	$ 2	$ 10	$ 18	$ 174	$ 646
	Other IT Staff Costs ($000)	$ 6	$ 7	$ 39	$ 30	$ 4	$ 1	$ 3	$ 6	$ 84	$ 290
	Total IT Staff Costs ($000)	$ 438	$ 457	$ 526	$ 385	$ 82	$ 9	$ 58	$ 384	$ 1836	$ 6978
	Total IT Budget ($000)	$ 830	$ 1022	$ 2928	$ 829	$ 469	$ 53	$ 333	$ 459	$ 2811	$ 19500
	Number of FTE Staff	3.6	7.2	7.4	6.5	1.6	0.1	1.0	1.3	27.2	101.0
	% Total Resource Cost	4%	5%	15%	4%	2%	0%	2%	2%	14%	100.0%
Value	Application Value ($000)	$ 2430	$ 6462	$ 27773	$ 1567	$ 7270	$ 3531	$ 3226	$ 947	$ 2515	$129772
	% Application Value	2%	5%	21%	1%	6%	3%	2%	1%	2%	100.0%
	Net Application Value ($000)	$ 473	$ 2841	$ 18337	$ 342	$ 5672	$ 3309	$ 2274	$ (132)	$ (3740)	$ 67627
	% Net Application Value	1%	4%	27%	1%	8%	5%	3%	0%	-6%	100.0%
Downtime	Vendor Availability	94%	94%	94%	94%	94%	98%	98%	94%	94%	94%
	Impact of Outage	20%	20%	20%	10%	10%	10%	10%	40%	40%	28%
	Potential Total Loss ($000)	$ 125	$ 331	$ 1424	$ 25	$ 117	$ 14	$ 13	$ 146	$ 376	$ 11424
	DR Costs ($000)	$ 13	$ 24	$ 106	$ 17	$ 18	$ 2	$ 17	$ 3	$ 34	$ 475
	DR Costs / Expected Loss	10%	7%	7%	68%	15%	14%	96%	2%	9%	4%
	Infeasibility	$ 457	$ 848	$ 270	$ 16	$ 113	$ 2	$ 45	$ 382	$ 2662	$ 11119

This exhibit summarizes all values and costs by category and application. It is a one page summary of all the key metrics of your portfolio. Your bean counters will love this page!

The Users section reflects the values you entered for your internal customer base. The total user cost is calculated based on number of users, average cost and percent concurrency.

The Resources section reflects the figures in your annual IT budget, grouped by function.

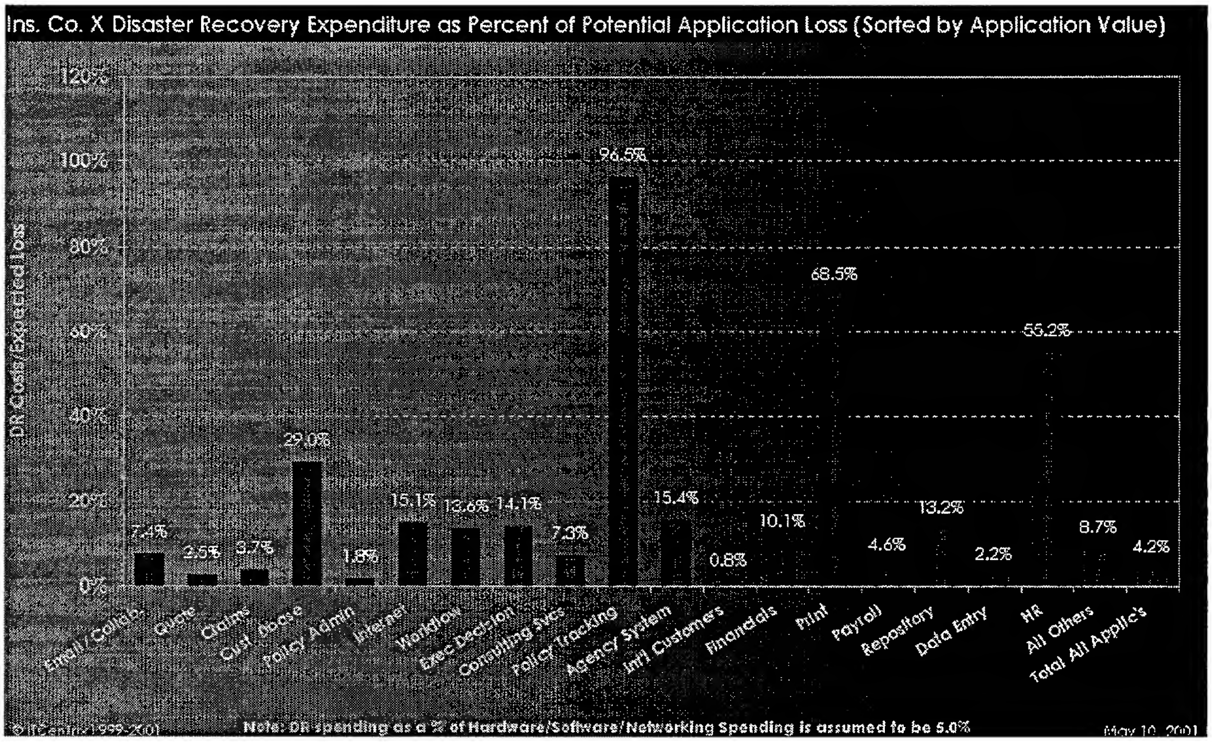
The Value section calculates both Total and Net application value for each application in your portfolio.

The Downtime section summarizes the calculated risks to your systems based on availability, outages, and disasters.

All the data present on this exhibit are available in more specific views on other detailed tables and charts.

Disaster Recovery Expenditure

Figure 47 – Disaster Recovery Expenditure



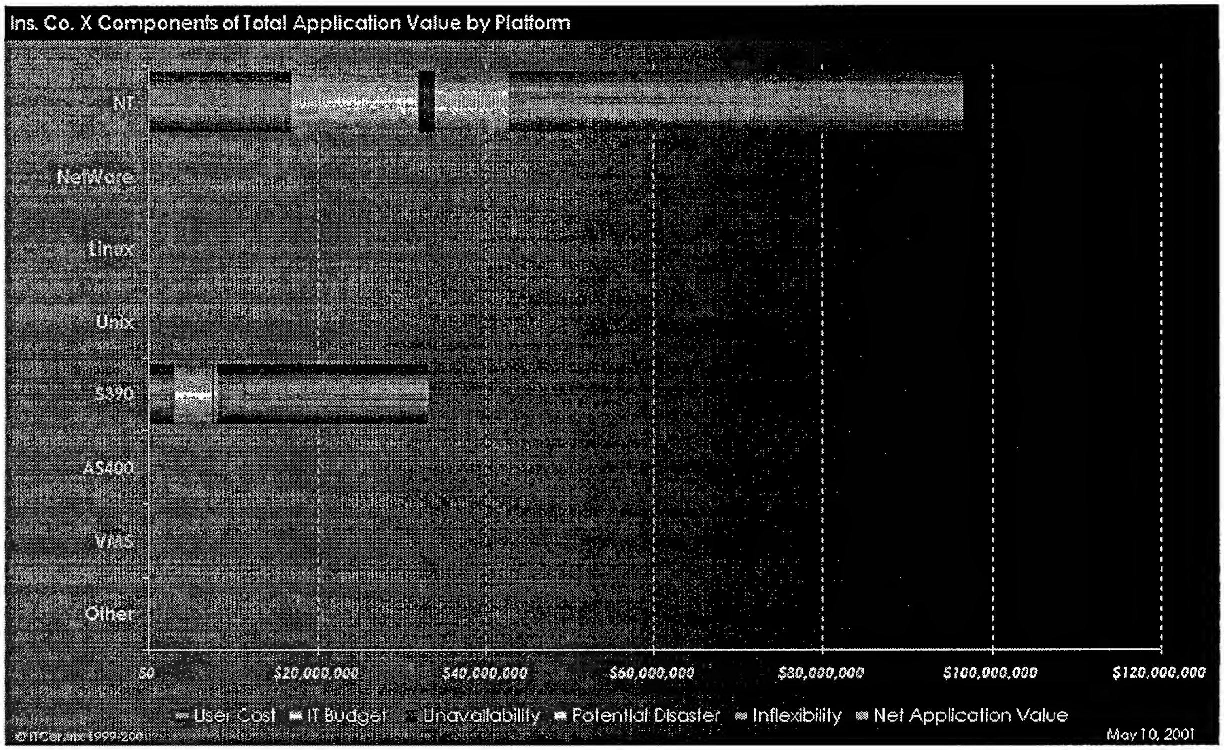
In this exhibit, the list of applications is sorted, so the applications with the highest Net Value are to the left and the applications with the least Net Value are to the right. Then disaster recovery budget is plotted relative to the potential loss due to catastrophic system failure.

Applications with the ratio approaching 100% have invested budget dollars approximate to the potential loss to prevent loss. Ratios greater than one may indicate overspending on disaster prevention. Likewise, low ratios may indicate liability for future disasters. In this example, the Claims application has a ranking of 3.7%. In other words, for every dollar spent to prevent a disaster, you could expect $3.70 worth of loss. Is this a mission critical application?

Examine these results for high impact applications that need disaster recovery planning and testing to minimize impact.

Value Components by Platform

Figure 48 – Value Components by Platform

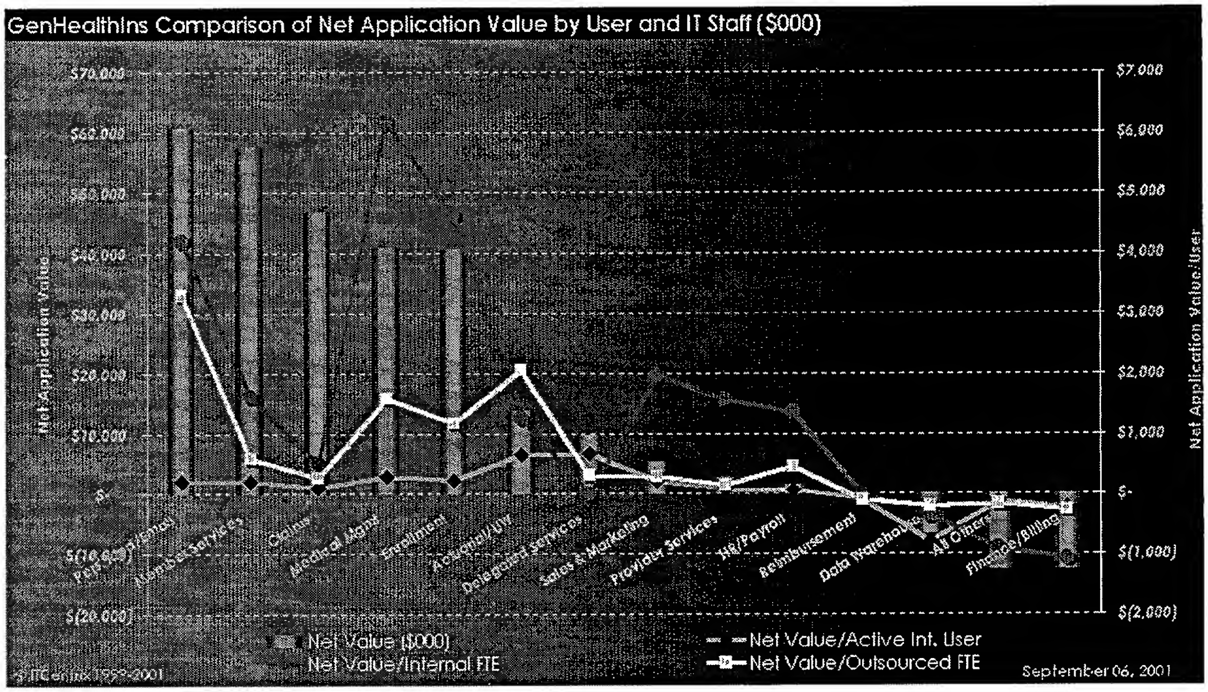


This chart looks at which technology platforms within the company have the highest value and the highest liability. Use this information when looking at platform reallocation or location of business strategic systems. Some platforms may be more efficient than others for the delivery of certain types of applications.

Are there platforms with high value but also high costs? Are there any platforms with negative Net Application Values? Are there any with unusually high User Costs? Are there platforms with large Unavailability Costs? Are there platforms with large potential losses associated with potential disasters? Are there platforms with large costs due to inflexibility?

Net Value to Users and IT Staff

Figure 49 - Net Value to Users and IT Staff

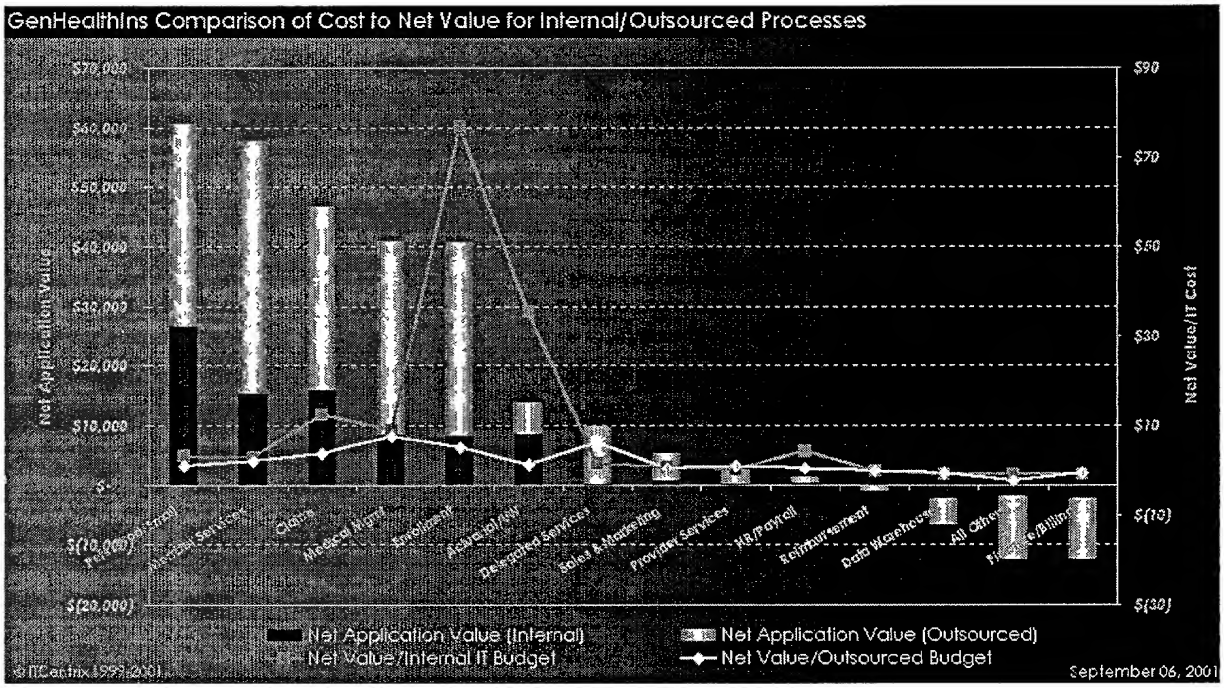


This exhibit compares the value generated by applications to the use by the customer and to your investment in internal and external IT resources.

The columns represent Net Application Value by application.

Net Value by Internal and Outsourced FTEs

Figure 50 - Net Value by Internal and Outsourced FTEs



Application Dependency Matrix

Figure 51 – Application Dependency Matrix

Ins. Co. X Application Dependencies: Reallocation Matrix July 10, 2001 © ITCentrix 1999-2001

Reallocation Percentages ==>

	Base Application Value	Readjusted Base Application Value	Claims	Cust. Dbase	Workflow	Inf'l Customers	Quote	Policy Admin	HR	Payroll	Repository	Agency System	Financials	Consulting Svcs	Email/ Collab.	Print	Internet	Exec Decision	Policy Tracking	Data Entry	All Others
Claims	$756,000	$ 756,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cust. Dbase	$1,575,000	$ 1,181,250	0%	75%	0%	25%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Workflow	$693,000	$ 693,000	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inf'l Customers	$0	$ 393,750	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Quote	$3,491,250	$ 3,491,250	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Policy Admin	$3,937,500	$ 3,937,500	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
HR	$33,000	$ 33,000	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Payroll	$37,500	$ 37,500	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Repository	$87,100	$ 87,100	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Agency System	$262,500	$ 262,500	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Financials	$526,500	$ 526,500	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Consulting Svcs	$1,400,000	$ 1,400,000	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%
Email/ Collab.	$4,813,380	$ 4,813,380	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%
Print	$340,000	$ 340,000	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
Internet	$900,000	$ 900,000	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
Exec Decision	$153,000	$ 153,000	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
Policy Tracking	$559,125	$ 559,125	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%
Data Entry	$91,140	$ 91,140	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%
All Others	$446,250	$ 446,250	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%

This exhibit displays the adjustment to Base Application Value associated with leveraging data and systems across multiple purposes. There are two ways of looking at this exhibit.

Look down the columns in yellow. Percents in these columns represent the impact of any other system which is whole or partially dependent on another. In this example, International Customers are 25% reliant on the Customer Database. 25% of its base value comes from the ability to take information and/or processing from the other system. In other words, the Customer Database is 25% less valuable if the International Customers application didn't exist to use its data.

The diagonal line in pink shows the resulting relative weighting which can be applied to each application. In this example, the Customer Database Application has a Base Application Value of $1,575,000. But when you take into account that it is less valuable on its own, its Readjusted Base Application Value is $1,181,250.

Here's another way of looking at this information: Base Application Value is Total User Cost discussed on other exhibits, since the application has to be at least as useful as the fully loaded cost associated with the people who use it, or it wouldn't get built.

Viewed this way, 25% of the cost of people using Customer Database is related to people using the International Customers application. Therefore, International Customers is in reality more costly, since the users also have to spend time using the Customer Database application.

Note that the total Application Value does not change, but will be reallocated across the applications to reflect interactions.

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